Financial Results Presentation
1H2020
Key Highlights

Top: UE BizHub EAST | Business Park
Second: 7000 Ang Mo Kio Avenue 5 | High-Specs Industrial
Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial
1H2020 at a Glance

**Proactive Asset Management**
- Occupancy improved from 90.5% in 1Q2020 to 91.1% in 2Q2020, above JTC average of 89.2%(3)
- Secured about 2 million sq ft of new and renewal leases in 1H2020
- Reduced exposure to Hyflux Membrane with two new leases secured in 2Q2020
- YTD tenant retention rate of 85.7%

**Prudent Capital Management**
- Weighted Average Debt Expiry (WADE) at 2.7 years as at 30 June 2020
- 88.3% of interest rate exposure fixed for 2.5 years
- All-in Cost of Debt reduced to 3.54% p.a.
- Portfolio remains 100% unencumbered(4)
- No refinancing requirements till June 2021

**Financial Performance**
- Gross Revenue decreased 11.5% y-o-y to S$113.8m for 1H2020
- Net Property Income down 16.8% y-o-y to S$80.2m in 1H2020
- Total amount available for distribution to Unitholders down 25.3% y-o-y to S$47.8m for 1H2020
  - Translates to a distributable income available of 1.359 Singapore cents per unit
  - 1.162 Singapore cents(1) DPU for 1H2020 (post retention)

Notes: (1) Excludes 0.197 Singapore cents equivalent to about S$7.0 million of the 1Q2020 distributable income retained for prudent cash flow management.
(2) Includes (i) 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-REIT holds 80% interest and (ii) the recognition of right-of-use of leasehold land of S$228.2 million on the Statement of Financial Position as a result of the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.
(3) Based on JTC 1Q2020 Industrial Property Market Statistics.
(4) Excludes ESR-REIT’s 49% interest in 48 Pandan Road.
## Distributions for 1H2020

### Annualised Distribution Yield (%)

<table>
<thead>
<tr>
<th></th>
<th>1H2020</th>
<th>FTSE ST REIT 12M Yield</th>
<th>Singapore Govt 10Y Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualised 1H2020</td>
<td>5.9%</td>
<td>4.6%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

~500 bps spread

### Distributable Amount Available Per Unit (cents)

<table>
<thead>
<tr>
<th></th>
<th>1H2020</th>
<th>2H2019</th>
<th>1H2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution per Unit for the period from 1 April 2020 to 30 June 2020 (2Q2020) at 0.662 Singapore cents includes provision for rental rebates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributable Amount Available Per Unit (cents)</td>
<td>2.011</td>
<td>2.000</td>
<td></td>
</tr>
</tbody>
</table>

#### Retained Distributable Income from 1Q2020

- Paid on 24 Jun 2020
- 1Q2020 DPU 0.500
- Retained Distributable Income from 1Q2020 0.197
- 2Q2020 DPU 0.662

### Notes:

1. Based on closing price of S$0.395 as at 30 June 2020 and 1H2020 DPU of 1.162 cents.
2. Based on closing price as of 30 June 2020.
3. The Distributable Income available per Unit for 1Q2020 is 0.697 cents. In view of COVID-19 uncertainties, S$7.0 million of the 1Q2020 Distributable Income was retained for prudent cash flow management. As such, the Distribution per Unit declared for 1Q2020 was 0.500 cents.
### Improving and Diversified Portfolio Fundamentals

#### Occupancy Improved and Consistently Above JTC Average

<table>
<thead>
<tr>
<th>Occupancy</th>
<th>2Q2019</th>
<th>3Q2019</th>
<th>4Q2019</th>
<th>1Q2020</th>
<th>2Q2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>91.0%</td>
<td>91.0%</td>
<td>90.5%</td>
<td>90.5%</td>
<td>91.1%</td>
</tr>
<tr>
<td>MTB STB Breakdown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-Tenanted</td>
<td>72.9%</td>
<td>70.1%</td>
<td>70.0%</td>
<td>74.1%</td>
<td>74.1%</td>
</tr>
<tr>
<td>Single-Tenanted</td>
<td>27.1%</td>
<td>29.9%</td>
<td>30.0%</td>
<td>25.8%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

#### Occupancy fluctuations due to portfolio comprising approx. 70.0% MTBs by rental income

- **4Q2019**: 91.0%
- **3Q2019**: 91.0%
- **2Q2019**: 90.5%
- **1Q2019**: 90.5%
- **2Q2020**: 91.1%

#### ESR-REIT JTC Average (1)

Notes: (1) Based on JTC 1Q2018 to 1Q2020 Industrial Property Market Statistics. (2) Based on 1Q2020 data from CBRE and JTC. (3) Logistics based on “Warehouse (Ground Floor)” and “Warehouse (Upper Floor)”, while General Industrial is based on “Factory (Ground Floor)” and “Factory (Upper Floor)” as defined by JTC. (4) Refers to portfolio MTB YTD passing rents per sqft per month.

#### Average Market Rents

- **Business Park / High-Specs (2)(3)**: S$3.30 – S$4.20 psf pm
- **Logistics / Warehouse (2)(3)**: S$1.18 – S$1.55 psf pm
- **General Industrial (2)(3)**: S$1.23 – S$1.52 psf pm

#### Top 10 Tenant Concentration Risk

- **Top 10 tenants account for 30.7% of rental income as at 30 Jun 2020**

#### Increased Exposure to Business Park & High-Specs Sector

- **44.6%**

#### YTD Rental Reversions

<table>
<thead>
<tr>
<th>Year</th>
<th>Reversion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q2019</td>
<td>-0.1%</td>
</tr>
<tr>
<td>1Q2020</td>
<td>-4.3%</td>
</tr>
</tbody>
</table>

Mainly due to one anchor tenant of 130,000 sqft which is ~28.5% of total space renewed in 2Q2020. Excluding this lease renewal, the rental reversions will be -0.2%.
1H2020
Financial Performance

Top: UE BizHub EAST | Business Park
Second: 7000 Ang Mo Kio Avenue 5 | High-Specs Industrial
Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial
## Summary of Financial Results

<table>
<thead>
<tr>
<th></th>
<th>1H2020 (S$ million)</th>
<th>1H2019 (S$ million)</th>
<th>+/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Revenue</strong> (1)(2)</td>
<td>118.4</td>
<td>128.6</td>
<td>(7.9)</td>
</tr>
<tr>
<td><strong>COVID-19 Rental Rebates</strong> (3)</td>
<td>(4.6)</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Net Property Income (“NPI”) (1)(2)</strong></td>
<td>80.2</td>
<td>96.4</td>
<td>(16.8)</td>
</tr>
<tr>
<td><strong>Distributable Income</strong> (4)</td>
<td>47.8</td>
<td>58.1</td>
<td>(17.8)</td>
</tr>
<tr>
<td><strong>Distribution from Other Gains</strong> (5)</td>
<td>-</td>
<td>5.9</td>
<td>(100.0)</td>
</tr>
<tr>
<td><strong>Total amount available for distribution to Unitholders</strong></td>
<td>47.8</td>
<td>64.0</td>
<td>(25.3)</td>
</tr>
<tr>
<td><strong>Amount retained for cash flow management purpose</strong> (6)</td>
<td>(7.0)</td>
<td>-</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Total Distribution to Unitholders after retention</strong></td>
<td>40.8</td>
<td>64.0</td>
<td>(36.3)</td>
</tr>
<tr>
<td><strong>Applicable number of units for calculation of DPU (million)</strong></td>
<td>3,519.6</td>
<td>3,184.4</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Distributable Amount Available per Unit (cents)</strong></td>
<td>1.359</td>
<td>2.011</td>
<td>(32.4)</td>
</tr>
<tr>
<td><strong>Distribution per Unit (“DPU”) after retention (cents)</strong></td>
<td>1.162</td>
<td>2.011</td>
<td>(42.2)</td>
</tr>
</tbody>
</table>

Notes:

1. Lower gross revenue and NPI mainly attributed to (a) lease conversion from single to multi-tenancy for certain properties; and (b) non-renewals and downsizing by certain tenants.
2. Includes straight-line rent adjustments of S$0.2 million for 1H2020 (1H2019: S$1.3 million).
3. Rental rebates set aside for and/or given to tenants as part of ESR-REIT’s measures to support tenants who are adversely affected by the COVID-19 outbreak.
4. Includes management fees paid/payable to the Manager and the Property Manager in ESR-REIT units of S$4.4 million for 1H2020 (1H2019: S$4.3 million).
5. Capital gains from disposal of investment properties in prior years and ex-gratia payments received from Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.
6. Retention of 1Q2020 distributable income due to COVID-19 uncertainties.
# Financial Position

<table>
<thead>
<tr>
<th></th>
<th>As at 30 Jun 2020 (S$ million)</th>
<th>As at 31 Dec 2019 (S$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Properties</strong> (1)(2)</td>
<td>2,892.1</td>
<td>2,934.4</td>
</tr>
<tr>
<td><strong>Right-of-use of Leasehold Land (FRS 116)</strong></td>
<td>228.2</td>
<td>227.7</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>76.5</td>
<td>67.6</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,196.8</td>
<td>3,229.7</td>
</tr>
<tr>
<td><strong>Total Borrowings (Net of Debt Transaction Costs)</strong></td>
<td>1,185.8</td>
<td>1,191.1</td>
</tr>
<tr>
<td><strong>Lease Liabilities for Leasehold Land (FRS 116)</strong></td>
<td>228.2</td>
<td>227.7</td>
</tr>
<tr>
<td><strong>Non-Controlling Interest</strong></td>
<td>60.3</td>
<td>61.1</td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td>122.7</td>
<td>90.1</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,597.0</td>
<td>1,570.0</td>
</tr>
<tr>
<td><strong>Net Assets Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Perpetual Securities Holders</td>
<td>151.1</td>
<td>151.1</td>
</tr>
<tr>
<td>- Unitholders</td>
<td>1,448.7</td>
<td>1,508.6</td>
</tr>
<tr>
<td><strong>No. of Units (million)</strong></td>
<td>3,530.9</td>
<td>3,487.3</td>
</tr>
<tr>
<td><strong>NAV Per Unit (cents)</strong></td>
<td>41.0</td>
<td>43.3</td>
</tr>
</tbody>
</table>

Note: (1) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-REIT holds 80% interest, but excludes the valuation of 48 Pandan Road which is held through a joint venture in which ESR-REIT holds 49% interest. (2) Based on independent valuations as at 30 June 2020.
Distribution Timetable

Distribution Details

<table>
<thead>
<tr>
<th>Distribution Period</th>
<th>1 April 2020 – 30 June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution Rate</td>
<td>0.662 cents taxable income per unit</td>
</tr>
</tbody>
</table>

The distribution per unit for the period from 1 January 2020 to 31 March 2020 at 0.500 Singapore cents has been paid on 24 June 2020. Together with the above distribution per unit of 0.662 Singapore cents, the total distribution per unit for 1H2020 is 1.162 Singapore cents.

Distribution Timetable

<table>
<thead>
<tr>
<th>Books Closure Date</th>
<th>Friday, 24 July 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution Payment Date</td>
<td>Thursday, 17 September 2020</td>
</tr>
</tbody>
</table>
Prudent Capital Management

Top: UE BizHub EAST | Business Park
Second: 7000 Ang Mo Kio Avenue 5 | High-Specs Industrial
Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial
## Key Capital Management Indicators

- Debt to Total Assets (Gearing) is 41.8%
- All-in Cost of Debt reduced to 3.54% p.a.
- 88.3% of interest rate exposure is fixed for 2.5 years

<table>
<thead>
<tr>
<th>Indicator</th>
<th>As at 30 Jun 2020</th>
<th>As at 31 Dec 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Debt (S$ million)</td>
<td>1,195.0</td>
<td>1,200.0</td>
</tr>
<tr>
<td>Debt to Total Assets (%) (1)</td>
<td>41.8</td>
<td>41.5</td>
</tr>
<tr>
<td>Weighted Average All-in Cost of Debt (%) p.a.</td>
<td>3.54</td>
<td>3.92</td>
</tr>
<tr>
<td>Weighted Average Debt Expiry (“WADE”) (years)</td>
<td>2.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Interest Coverage Ratio (times)</td>
<td>3.4</td>
<td>3.7</td>
</tr>
<tr>
<td>Interest Rate Exposure Fixed (%)</td>
<td>88.3</td>
<td>88.8</td>
</tr>
<tr>
<td>Weighted Average Fixed Debt Expiry (“WAFDE”) (years)</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Proportion of Unencumbered Investment Properties (%) (2)</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Debt Headroom (S$ million) (3)</td>
<td>501.0</td>
<td>195.2</td>
</tr>
<tr>
<td>Undrawn Available Committed Facilities (S$ million)</td>
<td>110.0</td>
<td>90.0</td>
</tr>
</tbody>
</table>

**Breakdown of Debt**

- Total Debt of S$1,195.0m
  - Unsecured Term Loans: 84.1%
  - Unsecured RCF Loans: 11.7%
  - MTNs: 4.2%

**Interest Rate Exposure Fixed (%)**

- 88.3% of interest rate exposure fixed for 2.5 years

**Notes:**
1. 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. (1) Excludes ESR-REIT’s 49% interest in 48 Pandan Road. (2) Effective 16 April 2020, MAS has increased gearing limit for S-REITS from 45% to 50%.
Well-Staggered Debt Maturity Profile

- No refinancing requirements till June 2021
- WADE\(^{(1)}\) as at 30 June 2020 was 2.7 years

Debt Maturity Profile (as at 30 Jun 2020)

<table>
<thead>
<tr>
<th>Year</th>
<th>Unsecured Term Loans</th>
<th>MTN</th>
<th>Unsecured RCF Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>255</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>340</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>250</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Weighted average debt expiry.

Note: (1) Weighted average debt expiry.
Real Estate Highlights

Top: UE BizHub EAST | Business Park
Second: 7000 Ang Mo Kio Avenue 5 | High-Specs Industrial
Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial
Well Located Portfolio Across Singapore

Portfolio of 57 assets totalling S$3.1 billion\(^{(1)}\), located close to major transportation hubs and within key industrial zones across Singapore.

Legend:
- Major Industrial Cluster
- Business Park
- High-Specs Industrial
- Logistics / Warehouse
- General Industrial
- Major Highways
- MRT Lines

Note: (1) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 48% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 30 June 2020.
Diversified Portfolio with Stable Fundamentals

**Asset Class by Rental Income**
Well-diversified portfolio across sub-sectors with over 343 tenants

- Business Park: 28.3%
- High-Specs Industrial: 16.3%
- Logistics / Warehouse: 23.3%
- General Industrial: 32.1%

**Portfolio Occupancy**
Occupancy improved to 91.1% and is consistently above JTC average

<table>
<thead>
<tr>
<th></th>
<th>4Q2019</th>
<th>1Q2020</th>
<th>2Q2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>90.5%</td>
<td>90.5%</td>
<td>91.1%</td>
</tr>
<tr>
<td>JTC Average (1Q2020): 89.2%(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STB and MTB by Rental Income**
Higher proportion of multi-tenanted assets diversifies tenant concentration and credit risk

- Multi-Tenanted: 74.1%
- Single-Tenanted: 25.9%

- 27.1% in 1H2019
- 72.9% in 1H2019

**Leases Committed by Type**
Renewed and secured new leases of approximately 1,953,000 sqft in 1H2020 compared to 725,300 sqft in 1H2019

<table>
<thead>
<tr>
<th></th>
<th>1Q2020</th>
<th>2Q2020</th>
<th>1H2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Leases</td>
<td>618,258</td>
<td>569,208</td>
<td>1,187,466</td>
</tr>
<tr>
<td>Renewal Leases</td>
<td>309,607</td>
<td>455,471</td>
<td>765,078</td>
</tr>
<tr>
<td>Total Leases</td>
<td>927,865</td>
<td>1,024,679</td>
<td>1,952,544</td>
</tr>
</tbody>
</table>

Notes: (1) Based on JTC 1Q2020 Industrial Property Market Statistics.
Proactive Lease Management

- Weighted Average Lease Expiry (WALE) remains **stable at 3.4 years**
- Portfolio’s average security deposit at **5.5 months** with multi-tenanted buildings (MTB) at **4.1 months** and single-tenanted buildings (STB) at **9.5 months**
- YTD tenant retention rate of **85.7%** improved against YTD tenant retention rate of **54.7%** in 2Q2019

**WALE by Rental Income**

**Well Spread Out Lease Expiry Profile**
# 1H2020 Leasing Update: New Leases of over 1.2 mil sqft Secured

<table>
<thead>
<tr>
<th>Name of Tenant</th>
<th>Location</th>
<th>Description</th>
<th>Trade Sector</th>
<th>NLA (sqft)</th>
<th>Lease Commencement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Integrated Logistics Pte. Ltd.</td>
<td>8 Tuas South Lane</td>
<td>A global logistics provider operating in 16 locations over 11 countries. One of the pioneers to establish a joint venture with the China Rail Operator to tap on the fast growing Euro-Asia rail freight services</td>
<td>Logistics &amp; Warehouse</td>
<td>206,000</td>
<td>8 July 2020 &amp; 8 August 2020</td>
</tr>
<tr>
<td>Royal's Engineering &amp; Trading (S) Pte. Ltd.</td>
<td>7000 Ang Mo Kio Avenue 5</td>
<td>A local company in the construction industry specializing in plumbing and electrical works</td>
<td>General &amp; Precision Engineering</td>
<td>78,706</td>
<td>1 May 2020 &amp; 1 July 2020</td>
</tr>
<tr>
<td>AMS Sensors Singapore Pte. Ltd.</td>
<td>24 Jurong Port Road / 3 Pioneer Sector 3</td>
<td>AMS is a global leader in optical sensing technologies. This is their Singapore's headquarters and manufacturing facility of advanced sensor solutions that are used in state-of-the-art mobile applications</td>
<td>Electronics</td>
<td>22,597</td>
<td>1 August 2020</td>
</tr>
<tr>
<td>Kerry Logistics Centre (Tampines) Pte. Ltd.</td>
<td></td>
<td>A third party logistics company involved in the storage of personal protection equipment</td>
<td>Logistics &amp; Warehouse</td>
<td>100,483 / 37,363</td>
<td>1 July 2020 / 15 Jun 2020</td>
</tr>
</tbody>
</table>

Quality tenants across different trade sectors improves tenant diversification and mix
Reduced Tenant Concentration Risk and Well-diversified Trade Mix

Accounts for 30.7% of Rental Income in 1H2020 vs 31.1% in 1H2019

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMS Sensors Singapore Pte. Ltd.</td>
<td>5.2%</td>
</tr>
<tr>
<td>United Engineers Developments Pte Ltd</td>
<td>4.3%</td>
</tr>
<tr>
<td>Sharkat Logistics Pte. Ltd.</td>
<td>3.5%</td>
</tr>
<tr>
<td>Poh Tiong Choon Logistics Limited</td>
<td>3.4%</td>
</tr>
<tr>
<td>Meiban Investment Pte Ltd</td>
<td>3.2%</td>
</tr>
<tr>
<td>Venture Corporation Limited</td>
<td>2.5%</td>
</tr>
<tr>
<td>Data Centre Operator</td>
<td>2.3%</td>
</tr>
<tr>
<td>Ceva Logistics Singapore Pte Ltd</td>
<td>2.2%</td>
</tr>
<tr>
<td>GKE Warehousing &amp; Logistics Pte Ltd</td>
<td>2.2%</td>
</tr>
<tr>
<td>1-Net Singapore Pte Ltd</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

No single tenant contributes more than 5.2% of ESR-REIT’s Rental Income in 1H2020 vs 4.9% in 1H2019

Breakdown by Trade Sectors

Portfolio of 343 diverse tenants in 1H2020 increased against 328 tenants in 1H2019

- Logistics & Warehousing
- Info-Comm & Technology
- Manufacturing
- Electronics
- General & Precision Engineering
- Retail
- Hotel / Convention Hall
- Data Centre
- Others
- Research & Development
- Self-Storage
- Childcare & Education
- Food & Beverage
- Construction
- Healthcare
- Water & Energy
- Lifestyle

No individual trade sector accounts for more than 29.9% of ESR-REIT’s Rental Income in 1H2020 vs 30% a year ago

Notes: (1) Formerly known as Heptagon Micro Optics Pte Ltd. (2) Tenant not named due to confidentiality obligations.
Industrial Market Outlook and Strategy
Singapore Economy Outlook

Key Economic Indicators

1. **Outlook remains dampened as Singapore transitions to Phase Two of reopening its economy.**
   - Based on advance estimates, the Singapore economy contracted 12.6% on y-o-y basis in 2Q2020 due to circuit breaker measures and weak external demand precipitated by the COVID-19 pandemic.(1)
   - A survey of economists and analysts by MAS estimates that GDP may shrink by 5.8% for 2020.(2)
   - Purchasing Managers’ Index improved marginally by 2.1 points to 46.8 in May 2020.(3)

2. **Business sentiment remains cautious as the economy gradually reopens. Global uncertainties remain.**
   - Overall business sentiments continued to contract for the third quarter at -5.16% points, inching up from the previous quarter’s all-time low of -7.88% points.(4)
   - Global social unrest, increasing trade and political tensions between US and China and continued uncertainties surrounding the reopening of borders.

3. **Economic headwinds expected with lockdown curbs set to drag on amid fears of recurring waves of infections, stifled global demand and expected impact of circuit breaker measures on growth momentum for the rest of the year.**

Singapore Industrial Market Outlook

**Industrial Property Market Outlook**

1. **Prices and rentals of industrial space in 1Q2020 were muted**, overall occupancy remains unchanged compared to previous quarter.(1)
   - Prices and rentals expected to remain muted due to COVID-19 and the circuit breaker; impact will be felt in the coming quarters.
   - Pressure on rental reversion expected due to cautious industrialists’ sentiment.

2. **Industrialists’ expansion plans on hold(2)**
   - The industrial leasing market is expected to remain challenging in 2H2020 due to protracted economic uncertainties as a result of potential recurring waves of COVID-19.

3. **Some uptick in demand for logistics and high-specs space mainly attributed by:**
   - Increasing e-commerce demand, national stockpiling and storage of essential goods.
   - Planning for diversification by MNCs of their global manufacturing supply chain due to COVID-19 and increased US-China trade and political tensions.

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Notes: (1) Based on JTC 1Q2020 Industrial Property Market Statistics. (2) Based on monthly manufacturing performance data released on 26 December 2019 by EDB. (3) Refers to the Industrial Redevelopment Programme (IRP) launched by JTC to redevelop and increase land productivity.
COVID-19 Updates and Outlook

Further to our responses to Unitholders’ queries during the AGM, below are some current updates:

| COVID-19 | ▪ As Singapore transitions into Phase Two, business operations of most tenants have largely resumed to pre-COVID-19 levels with safe management measures in place.  
▪ Our rental collections in 2Q2020 is over 93% with SMEs accounting for about 33% of our monthly gross rental income.  
▪ Notification for Relief received from 17 tenants (out of 343 tenants) during the quarter and we are working closely with them to come up with a sustainable rental deferment plan.  
▪ **Constant vigilance during Phase Two reopening** – temperature screening, contact tracing and safe distancing will continue at all properties.  
▪ As at 30 June 2020, 8.8% (by rental income) of our MTB leases are expiring in 2020. Of these expiring leases, approximately 8.1% are in negotiations and tenants have given indications of renewal.  
▪ **Demand in the logistics sector is increasing** as businesses are reviewing their space requirements in view of disruption in global manufacturing supply chains. Leasing activities have also seen an increase in enquiries for space in the high-spects industrial sector.  
▪ Our focus this year is on operational excellence and portfolio resilience to ensure that the REIT as well as our stakeholders overcome this challenging period. |
| --- | --- |
| **Gearing & Valuation** | ▪ Based on our current gearing level, our portfolio valuation would have to decline by more than 16.1% (~S$501.0 million) for us to breach MAS gearing limit of 50%. **ESR-REIT has no more refinancing requirements till June 2021.**  
▪ Our current interest coverage ratio is 3.4 times, above the statutory requirement of 2.5 times which will be in force from 1 January 2022 onwards.  
▪ ESR-REIT’s portfolio of 57 properties was valued at approximately **S$3.1 billion** as at 30 June 2020.**(1)** |

Note: (1) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 30 June 2020.
COVID-19 Updates and Outlook (cont’d)

<table>
<thead>
<tr>
<th>Prudent Approach to DPU</th>
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<tbody>
<tr>
<td>▪ <strong>Cash position is stable with no more refinancing needs until June 2021.</strong></td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Financial flexibility</strong> from adequate cashflow and committed undrawn credit facilities.</td>
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</tr>
<tr>
<td>▪ Continue to focus on conserving cash by <strong>implementing cost savings measures on operating expenses and deferring all non-essential capital expenditures</strong>, where possible.</td>
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</tr>
<tr>
<td>▪ The main reasons for the drop in DPU in 1H2020 are:</td>
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<tr>
<td>▪ ‒ Certain planned lease conversions from STB to MTB;</td>
<td></td>
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<tr>
<td>▪ ‒ Non-renewals and downsizing by tenants, which were partially offset by income from 48 Pandan Road and lower borrowing costs;</td>
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<tr>
<td>▪ ‒ Rental rebates set aside for / given to tenants as part of ESR-REIT’s measures to support tenants adversely affected by the COVID-19 outbreak;</td>
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<tr>
<td>▪ ‒ Retention of S$7.0m of distributable income for prudent cash flow management; and</td>
<td></td>
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<tr>
<td>▪ ‒ No distribution from other gains in 1H2020.</td>
<td></td>
</tr>
<tr>
<td>▪ As uncertainties over the duration and impact of COVID-19 remain, any further provision for rental rebates and/or retention of distributable income can only be determined on a quarterly basis.</td>
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<table>
<thead>
<tr>
<th>Outlook</th>
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<tbody>
<tr>
<td>▪ <strong>While we implement measures to limit the fallout arising from COVID-19, we are seeing value opportunities to advance our growth and diversification strategies.</strong></td>
<td></td>
</tr>
<tr>
<td>▪ A larger portfolio will allow for <strong>increased diversification</strong> across our tenant base, industrial asset classes and geographical locations. COVID-19 has proven that <strong>size does matter</strong> for REITs.</td>
<td></td>
</tr>
<tr>
<td>▪ Our focus is <strong>operational excellence</strong> and <strong>portfolio resilience</strong> to ensure that our stakeholders overcome this challenging period while continuing to pursue our long-term sustainable growth strategies.</td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

1. Stabilised Portfolio Provides Opportunities to Pursue Organic Growth
   ▪ Larger, diversified portfolio across four asset sub-sectors and tenant trade sectors
   ▪ Portfolio occupancy improved from 90.5% in 1Q2020 to 91.1% in 2Q2020, mainly supported by tenants' demand in logistics and high-specs industrial asset class
   ▪ Stable weighted average lease expiry (by rental income) of 3.4 years

2. Strengthen Portfolio Quality through Proactive Asset & Lease Management
   ▪ Leasing activity remains strong in selected trade sectors with a total of 1,953,000 sqft of space leased and renewed in 1H2020
   ▪ Further reduced rental income exposure for Hyflux Membrane at 8 Tuas South Lane with two new leases secured in 2Q2020. Continue to proactively diversify tenant concentration risk and improve tenant mix and quality within the portfolio

3. Prudent Capital Management
   ▪ Reduced risks to capital structure with a well-staggered debt maturity profile with a weighted average debt expiry of 2.7 years
   ▪ Improved WAFDE\(^{(1)}\) with the proportion of interest rate exposure fixed at 88.3% for 2.5 years
   ▪ No refinancing requirements till June 2021
   ▪ Continue to maintain a disciplined capital management approach

Notes: (1) Weighted Average Fixed Debt Expiry.
Appendix

Top: UE BizHub EAST | Business Park
Second: 7000 Ang Mo Kio Avenue 5 | High-Specs Industrial
Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial
Real Estate Portfolio Highlights

**Portfolio Occupancy**
- **91.1%**
- Above JTC Average of 89.2% (1)

**Asset Valuation**
- **S$3.1 billion** (2)

**Total Assets**
- **S$3.2 billion**

**Diversified portfolio of 57 properties across Singapore**
- Total GFA of approximately 15.1 million sqft

**343 tenants from different trade sectors**

**Weighted Average Lease Expiry of 3.4 years**

**Located close to major transportation hubs and key industrial zones**

**Notes:**
(1) Based on JTC 1Q2020 Industrial Property Market Statistics.
(2) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 30 June 2020.
## Key Portfolio Statistics

<table>
<thead>
<tr>
<th></th>
<th>As at 30 Jun 2020</th>
<th>As at 31 Mar 2020</th>
<th>As at 30 Jun 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Properties</td>
<td>57</td>
<td>57</td>
<td>56</td>
</tr>
<tr>
<td>Valuation (S$ million)</td>
<td>3,117.1</td>
<td>3,159.4</td>
<td>3,016.2</td>
</tr>
<tr>
<td>GFA (million sqft)</td>
<td>15.1</td>
<td>15.1</td>
<td>14.0</td>
</tr>
<tr>
<td>NLA (million sqft)</td>
<td>13.4</td>
<td>13.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Weighted Average Lease Expiry (“WALE”) (years)</td>
<td>3.4</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Weighted Average Land Lease Expiry (years)</td>
<td>31.9</td>
<td>32.0</td>
<td>32.7</td>
</tr>
<tr>
<td>Occupancy (%)</td>
<td>91.1</td>
<td>90.5</td>
<td>91.0</td>
</tr>
<tr>
<td>Number of Tenants</td>
<td>343</td>
<td>343</td>
<td>328</td>
</tr>
<tr>
<td>Security Deposit (months)</td>
<td>5.5</td>
<td>5.5</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Notes: (1) Includes (i) 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-REIT holds 80% interest; and (ii) 100% of the valuation of 48 Pandan Road in which ESR-REIT holds 49% interest, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 30 June 2020. (2) Weighted by valuation.
Singapore Industrial Market Outlook

**Net Demand and Supply for Multi-user Factories**

- Net Demand: ('000 sqm)
- Net Supply: ('000 sqm)
- Occupancy Rate: (%)

**Net Demand and Supply for Single-user Factories**

- Net Demand: ('000 sqm)
- Net Supply: ('000 sqm)
- Occupancy Rate: (%)

**Net Demand and Supply for Warehouses**

- Net Demand: ('000 sqm)
- Net Supply: ('000 sqm)
- Occupancy Rate: (%)

**Net Demand and Supply for Business Parks**

- Net Demand: ('000 sqm)
- Net Supply: ('000 sqm)
- Occupancy Rate: (%)

Source: MTI, Singstats and JTC
Note: (1) Based on JTC 1Q2020 Industrial Property Market Statistics.
ESR-REIT’s Competitive Strengths

- **Largest APAC focused logistics real estate platform** with more than **US$22 billion AUM**
- ESR has ~67% stake in the REIT Manager, 100% stake in Property Manager and a ~9% 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 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 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

- **Resilient & Balanced Portfolio**
  - Extensive network of 343 tenants
  - Diversified across industries including: Logistics, Wholesale Trade, General Storage, Fabrication and Electronics
  - Top 10 tenants account for 30.7% of rental income
  - Long lease terms of 3-15 years provide stability for Unitholders, with built-in rental escalations
  - 85.7% tenant retention rate

- **Diversified Portfolio**: No individual trade sector accounts for >29.9% of rental income
- Healthy occupancy rate of 91.1%
- Healthy Portfolio WALE of 3.4 years
- Leases on average have 5.5 months security deposits
- Built-in rental escalations provide organic growth

- **Stable and secure income stream supported by prudent capital and risk management**
  - Staggered debt maturity profile; gearing of 41.6%
  - 88.3% of interest rate exposure fixed for 2.5 years
  - 100% of assets unencumbered
  - Diversified pools of capital while broadening banking relationships

- **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 >29.9% of rental income
- **Healthy occupancy rate** of 91.1%
- **Healthy Portfolio WALE of 3.4 years**
- **Leases on average have 5.5 months security deposits**
- **Built-in rental escalations** provide organic growth
- **Stable and secure income stream** supported by prudent capital and risk management
  - Staggered debt maturity profile; gearing of 41.6%
  - 88.3% of interest rate exposure fixed for 2.5 years
  - 100% of assets unencumbered
  - **Diversified pools of capital** while broadening banking relationships

Notes: (1) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 30 June 2020. (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 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) Excludes ESR-REIT’s 49% interest in 48 Pandan Road.
Our Long-Term Strategy

Our three-pronged strategy focuses on optimising Unitholder returns while reducing risks

**Organic Growth**
- AEIs to unlock value and attract high-valued tenants
- Proactive asset management to optimise investor returns
- Divest non-core assets and redeploy to higher value-adding properties
- Enhance tenant base by leveraging Sponsor networks

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

**Capital Management**
- 100% unencumbered
- Well-staggered debt maturity profile
- Diversify funding sources into alternative pools of capital
- Broaden and strengthen banking relationships
This material shall be read in conjunction with ESR-REIT’s results announcements for the half year ended 30 June 2020.

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