



Financial Results Presentation

4Q2019



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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

FY2019 at a Glance



Proactive Asset Management

- Healthy occupancy of 90.5%, above JTC average of 89.3%⁽²⁾
- Commenced AEI for UE BizHub EAST, target completion by 1Q2021
- Well-staggered lease expiry profile with WALE (by rental income) of 3.8 years
- Rental reversions improved from -2.9% in FY2018 to 0.0% in FY2019

Prudent Capital Management

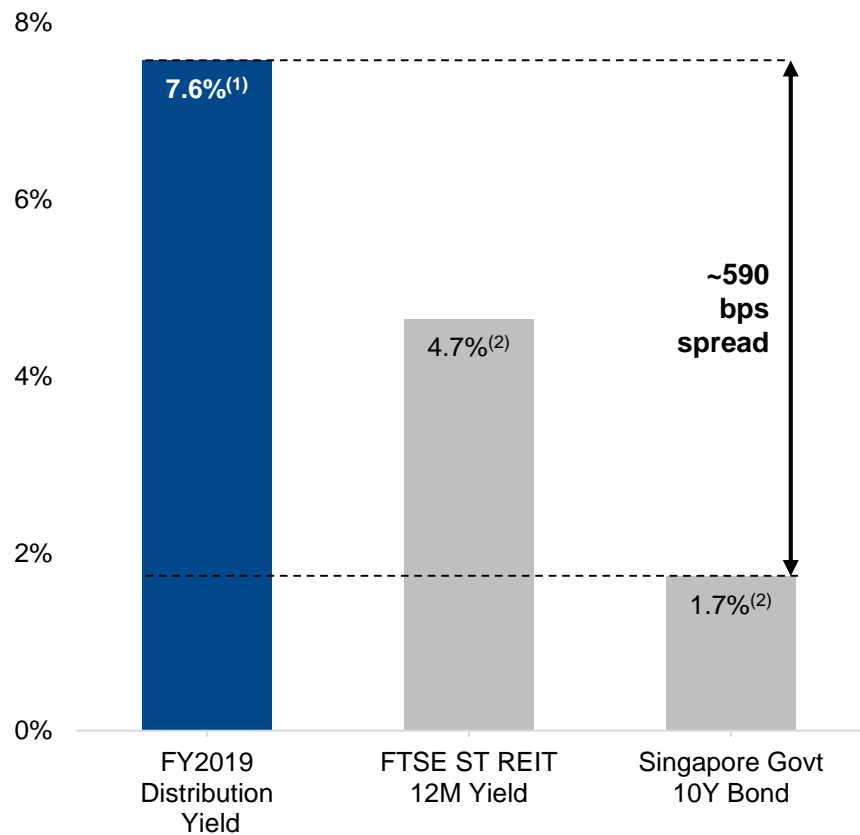
- Weighted Average Debt Expiry (WADE) at 2.6 years as at 31 Dec 2019, expected to reach 3.1 years upon completion of refinancing
- 88.8% of interest rate exposure fixed for 2.6 years
- Portfolio remains 100% unencumbered⁽³⁾
- No refinancing requirement for 2020⁽⁴⁾

Financial Performance

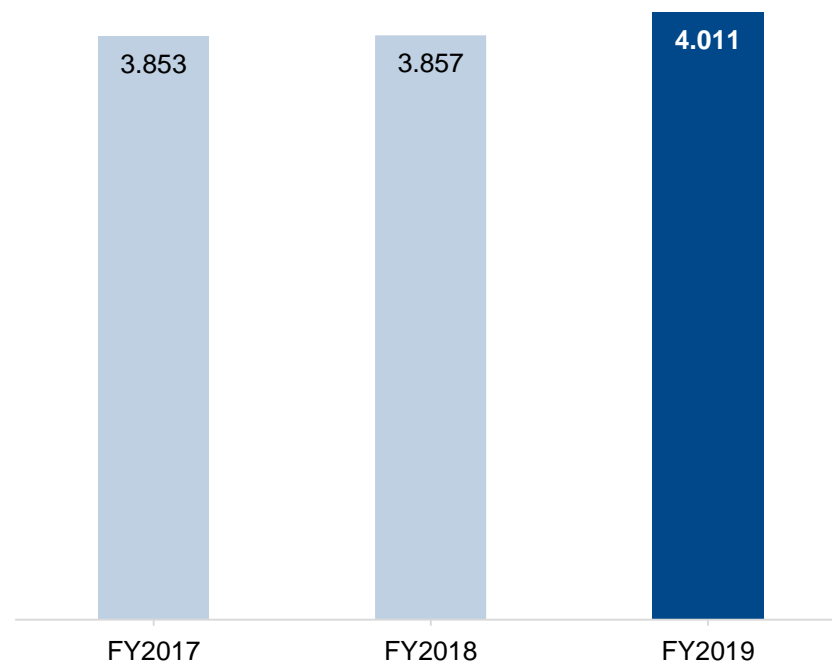
- 1.00 cent DPU for 4Q2019⁽⁵⁾
- Gross Revenue increased 7% from S\$58.4m in 4Q2018 to S\$62.5m in 4Q2019
- Net Property Income grew 9.3% y-o-y to S\$46.2m in 4Q2019
- Total distribution to Unitholders rose 78.0% y-o-y to S\$132.6m for FY2019 and 18.4% y-o-y to S\$34.7m for 4Q2019

Distributions for FY2019

FY2019 Distribution Yield (%)



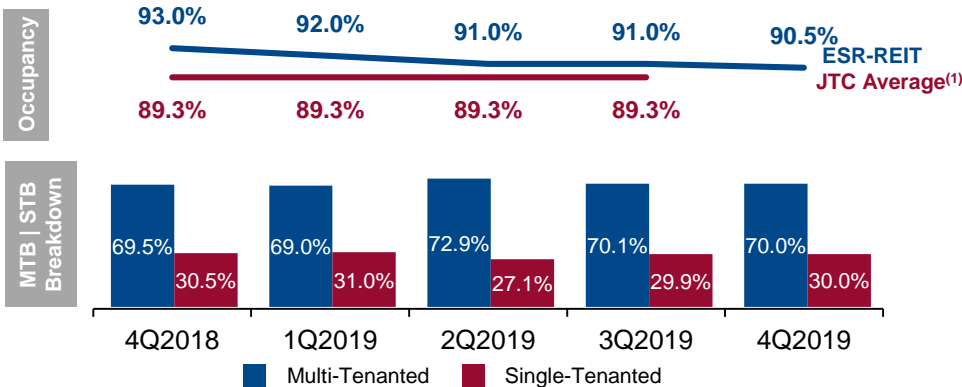
Yearly Distribution Per Unit (cents)



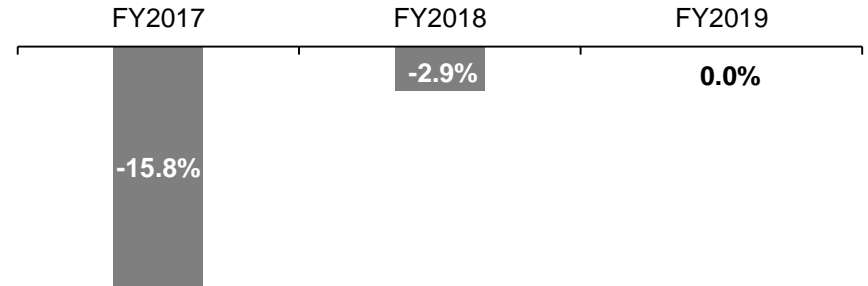
Stabilising and Diversified Portfolio Fundamentals

Stabilised Occupancy and Consistently Above JTC Average

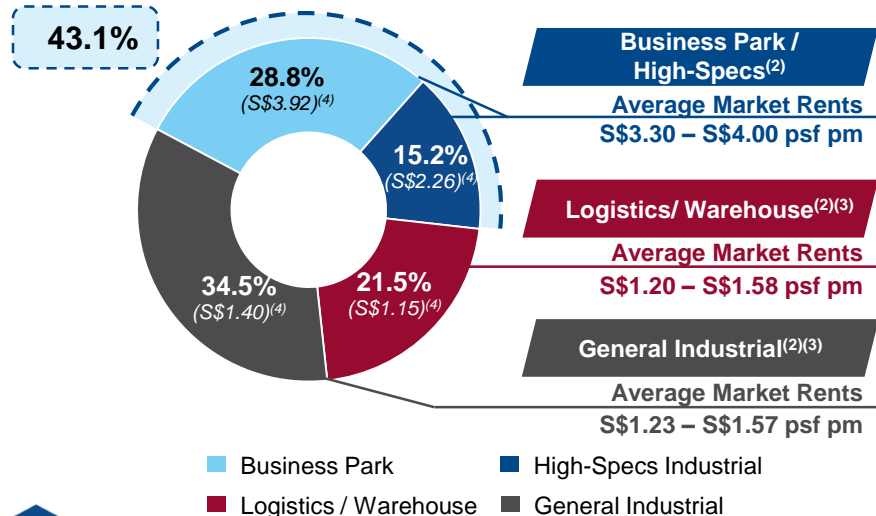
Occupancy fluctuations due to portfolio comprising approx. 70.0% MTBs by rental income



FY2019 Rental Reversions

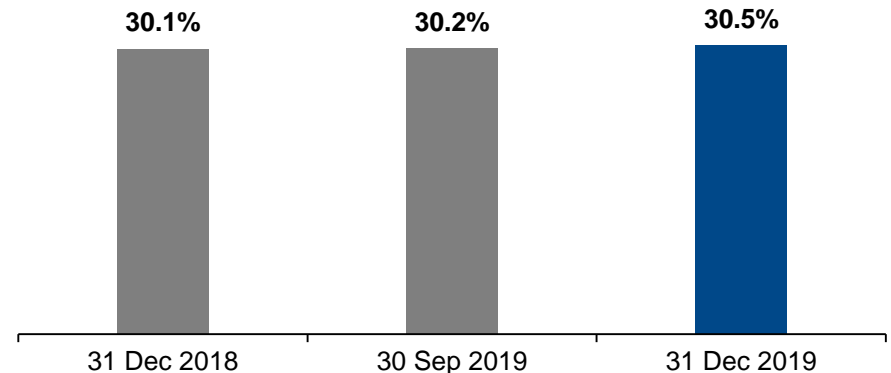


Increased Exposure to Business Park & High-Specs Sector



Top 10 Tenant Concentration Risk

Top 10 tenants account for 30.5% of rental income as at 31 Dec 2019



Notes: (1) Based on JTC Quarterly Market Reports 3Q2018-3Q2019. (2) Based on 2Q2019 and 3Q2019 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.

FY2019 Portfolio Highlights

Total Assets increased 6% y-o-y to S\$3.2 billion⁽¹⁾

FY2018



Acquisition in October:

- Viva Industrial Trust's portfolio of assets
- 15 Greenwich Drive (*Ramp-up logistics facility*)



FY2019



Divestment in June:

- 31 Kian Teck Way (*General Industrial*)



Acquisition in August:

- 48 Pandan Road (49.0% interest) (*Ramp-up logistics facility*)

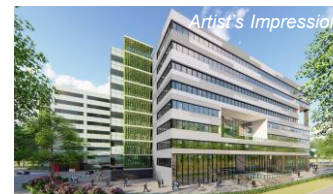
Divestment in March:

- 9 Bukit Batok Street 22 (*Cargo-lift Warehouse*)



Asset Enhancement:

- UE BizHub EAST (*Business Park*)

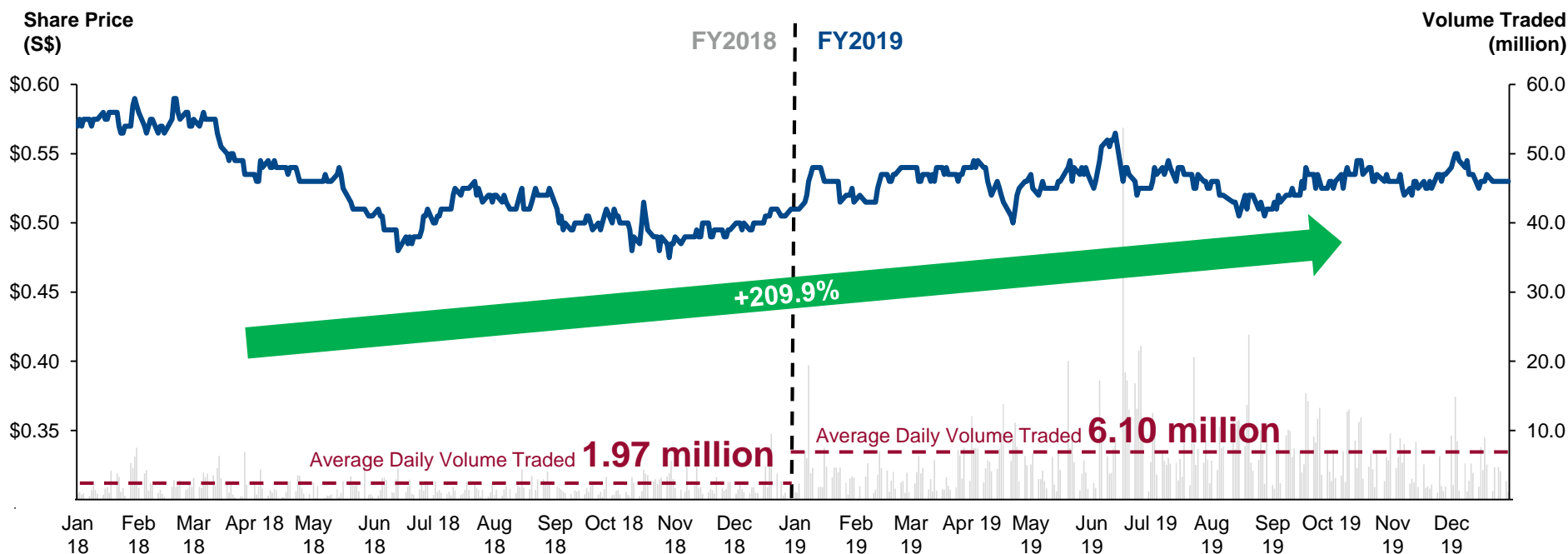


ESR-REIT has been divesting non-core assets while acquiring and rejuvenating future-ready assets

FY2019 Trading Performance

Broader Investor Base with Higher Trading Liquidity and Increased Research Coverage

Improved Trading Liquidity



Well-Covered by Research Brokers



“Add”

TP⁽¹⁾: S\$0.60



“Buy”

TP⁽¹⁾: S\$0.57



“Underperform”

TP⁽¹⁾: S\$0.57



“Hold”

TP⁽¹⁾: S\$0.52



“Buy”

TP⁽¹⁾: S\$0.59



“Buy”

TP⁽¹⁾: S\$0.58



“Buy”

TP⁽¹⁾: S\$0.60



“Buy”

TP⁽¹⁾: S\$0.58

4Q2019 & FY2019 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

	4Q2019 (S\$ million)	4Q2018 (S\$ million)	+/(-) (%)	FY2019 (S\$ million)	FY2018 (S\$ million)	+/(-) (%)
Gross Revenue ⁽¹⁾⁽²⁾	62.5	58.4	7.0 ▲	253.0	156.9	61.3 ▲
Net Property Income (“NPI”) ⁽¹⁾⁽²⁾	46.2	42.3	9.3 ▲	187.9	112.0	67.7 ▲
Distributable Income ⁽³⁾	29.1	27.5	5.6 ▲	116.5	67.9	71.5 ▲
Distribution from Tax Exempt Income	-	-	-	-	0.5	n.m.
Distribution from Other Gains ⁽⁴⁾	5.6	1.8	211.1 ▲	16.1	6.0	168.3 ▲
Total Distribution to Unitholders	34.7	29.3	18.4 ▲	132.6	74.5	78.0 ▲
Applicable number of units for calculation of DPU (million)	3,470.3	2,914.3	19.1 ▲	3,305.1	1,930.7	71.2 ▲
Distribution Per Unit (“DPU”) (cents)	1.000	1.005	(0.5) ▼	4.011	3.857	4.0 ▲

Notes:

- (1) Higher gross revenue and NPI was mainly attributed to (a) the full quarter/year contributions from Viva Trust’s nine properties and 15 Greenwich, which were acquired in October 2018; (b) the leasing up of 30 Marsiling subsequent to the asset enhancement works completed in January 2019; and (c) rental escalations from the existing property portfolio. The growth was partially offset by the lease conversion from single to multi-tenancy for certain properties.
- (2) Includes straight-line rent adjustments of S\$0.3 million for 4Q2019 (4Q2018: S\$0.3 million) and S\$0.7 million for FY2019 (FY2018: S\$1.1 million).
- (3) Includes management fees paid/payable to the Manager and the Property Manager in ESR-REIT units of S\$2.3 million for 4Q2019 (4Q2018: S\$1.8 million) and S\$8.9 million for FY2019 (FY2018: S\$2.6 million).
- (4) 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.

Financial Position

	As at 31 Dec 2019 (S\$ million)	As at 30 Sep 2019 (S\$ million)	As at 31 Dec 2018 (S\$ million)
Investment Properties ⁽¹⁾	2,934.4	3,024.1	3,021.9
Right-of-use of Leasehold Land (FRS 116)	227.7	226.9	-
Other Assets	67.6	83.1	28.8
Total Assets	3,229.7	3,334.1	3,050.7
Total Borrowings (Net of Debt Transaction Costs)	1,191.1	1,238.9	1,268.2
Lease Liabilities for Leasehold Land (FRS 116)	227.7	226.9	-
Non-Controlling Interest	61.1	61.1	61.1
Other Liabilities	90.1	88.8	90.6
Total Liabilities	1,570.0	1,615.7	1,419.9
Net Assets Attributable to:			
- Perpetual Securities Holders	151.1	152.9	151.1
- Unitholders	1,508.6	1,565.5	1,479.7
No. of Units (million)	3,487.3	3,383.4	3,170.2
NAV Per Unit (cents)	43.3	46.3	46.7

Distribution Timetable

Distribution Details

Distribution Period	14 October 2019 – 31 December 2019
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Distribution Rate	0.855 cents per unit comprising: Taxable income – 0.719 cents per unit Other gains – 0.136 cents per unit
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The Advanced Distribution of 0.145 Singapore cents per unit for the period from 1 October 2019 to 13 October 2019 has been paid on 8 November 2019. Together with the above distribution of 0.855 Singapore cents per unit, the total distribution for 4Q2019 is 1.00 Singapore cent.

Distribution Timetable

Books Closure Date	3 February 2020
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Distribution Payment Date	9 March 2020
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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*

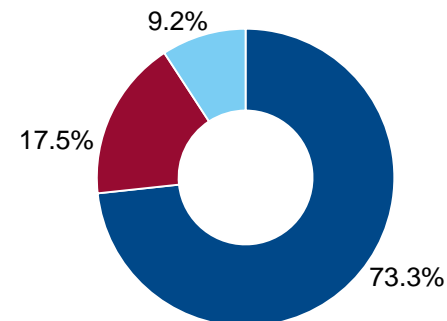
Key Capital Management Indicators

- **WADE⁽¹⁾ at 2.6 years**
- **88.8% of interest rate exposure is fixed for 2.6 years**

	As at 31 Dec 2019	As at 30 Sep 2019
Total Gross Debt (S\$ million)	1,200.0	1,248.6
Debt to Total Assets (%)	41.5 ⁽²⁾	41.6 ⁽²⁾
Weighted Average All-in Cost of Debt (%) p.a.	3.92	3.91
Weighted Average Debt Expiry ("WADE") (years)	2.6	2.8
Interest Coverage Ratio (times)	3.7	3.5
Interest Rate Exposure Fixed (%)	88.8	85.3
Weighted Average Fixed Debt Expiry ("WAFDE") (years)	2.6	2.8
Proportion of Unencumbered Investment Properties (%) ⁽³⁾	100	100
Debt Headroom (S\$ million)	195.2	194.3
Undrawn Available Committed Facilities (S\$ million)	90.0	85.0

Breakdown of Debt (as at 31 Dec 2019)

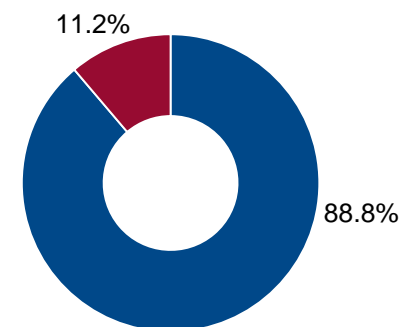
Total Debt of S\$1,200.0m



- Unsecured Term Loans
- MTNs
- Unsecured RCF Loans

Interest Rate Exposure Fixed (%)

88.8% of interest rate exposure fixed for 2.6 years



- Fixed Interest Rate
- Floating Interest Rate

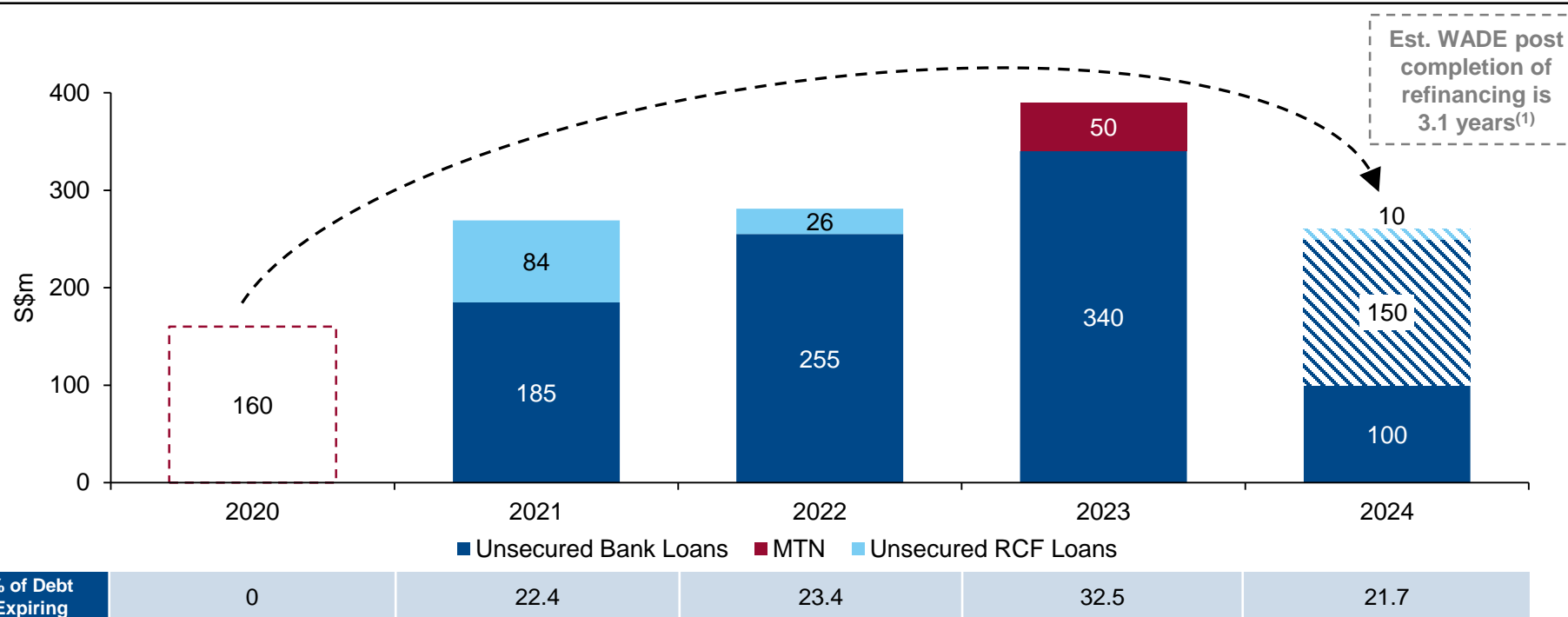


Notes: (1) Weighted average debt expiry. (2) Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019 where 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) Excludes ESR-REIT's 49% interest in 48 Pandan Road.

Well-Staggered Debt Maturity Profile

- No refinancing requirements for 2020⁽¹⁾
- Commitment Letter for a S\$200.0 million Committed Club Loan Facility with MUFG Bank, Ltd. (MUFG) and Sumitomo Mitsui Banking Corporation, Singapore Branch (SMBC) executed on 30 December 2019
- WADE⁽²⁾ as at 31 December 2019 was 2.6 years; with est. WADE post completion of refinancing at 3.1 years⁽¹⁾

Debt Maturity Profile (as at 31 Dec 2019)



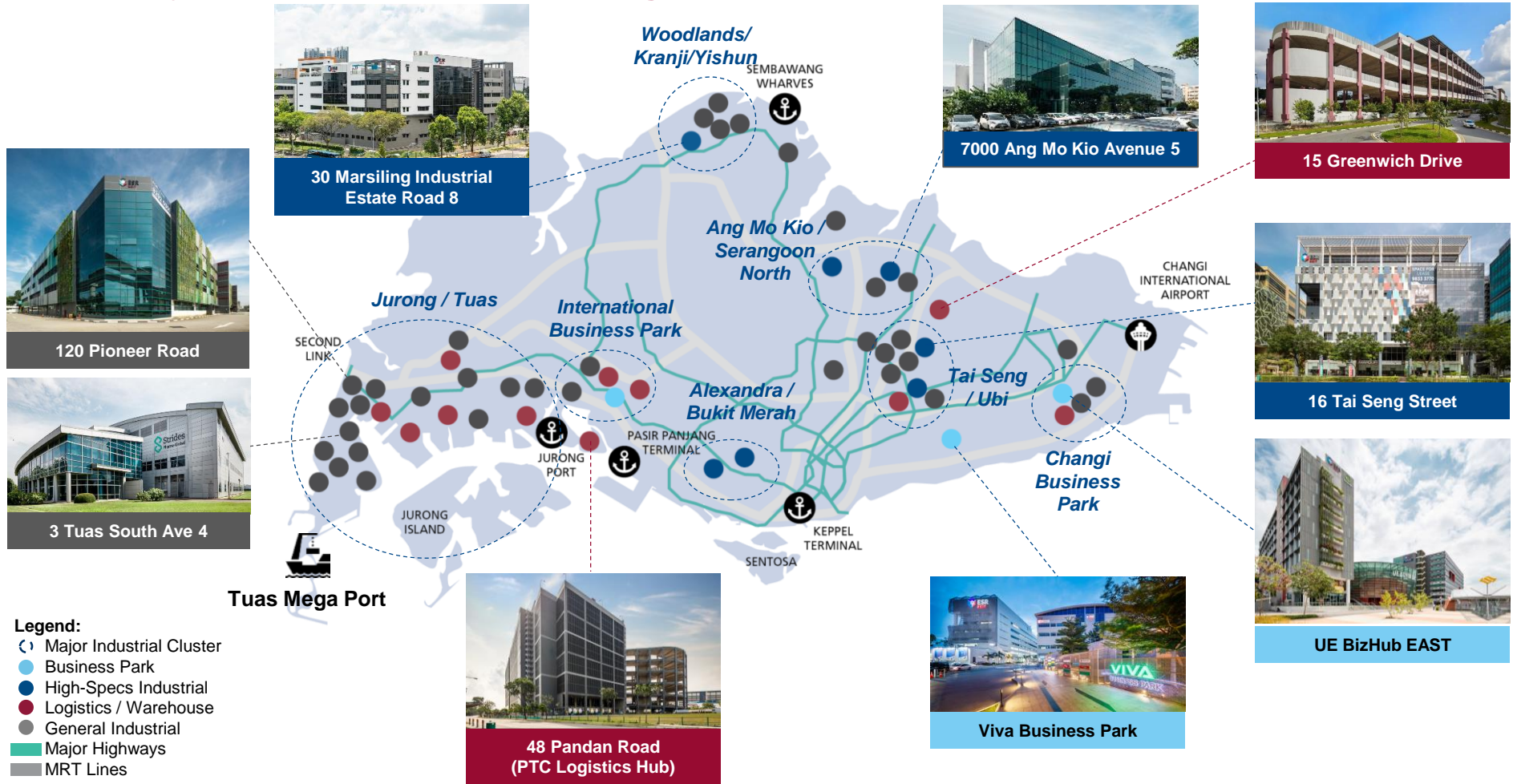
Real Estate Highlights



*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

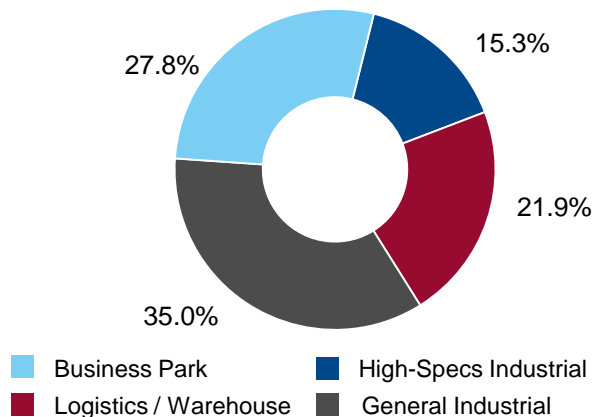
Portfolio of 57 assets totalling S\$3.04bn⁽¹⁾, located close to major transportation hubs and within key industrial zones across Singapore



Diversified Portfolio with Stable Fundamentals

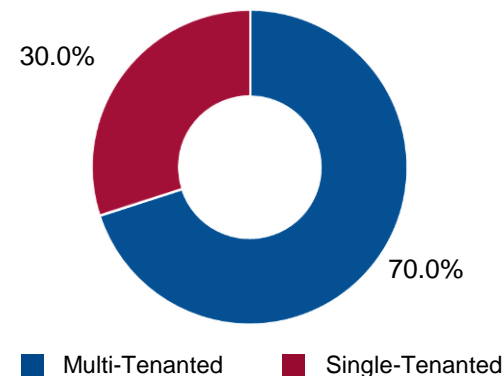
Asset Class by Rental Income (as at 31 Dec 2019)

Well-diversified portfolio across sub-sectors with over 328 tenants



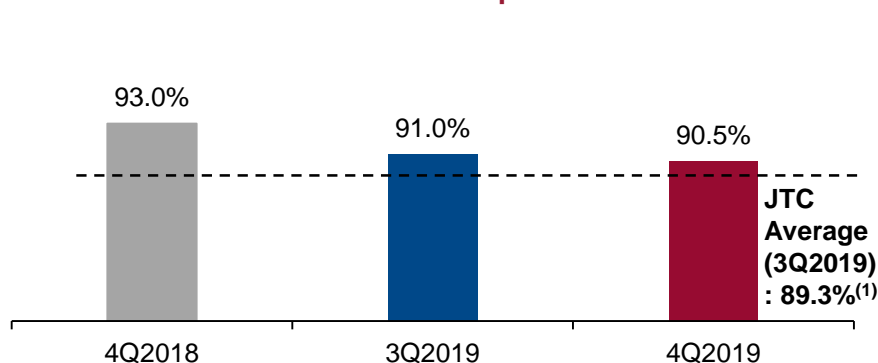
STB and MTB by Rental Income (as at 31 Dec 2019)

Higher proportion of multi-tenanted assets diversified tenant concentration and credit risk.

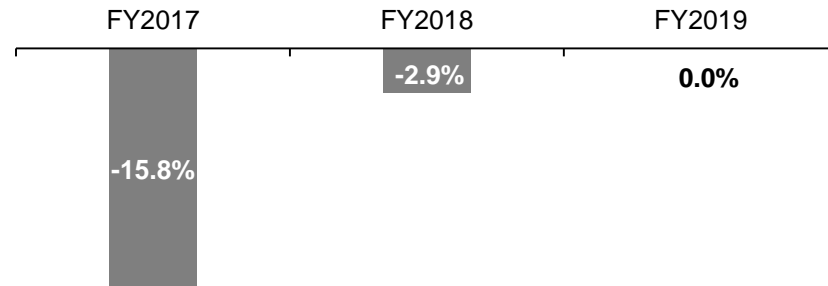


Portfolio Occupancy (as at 31 Dec 2019)

Occupancy at 90.5% is consistently above JTC average with fluctuations due to 70.0% MTB portfolio



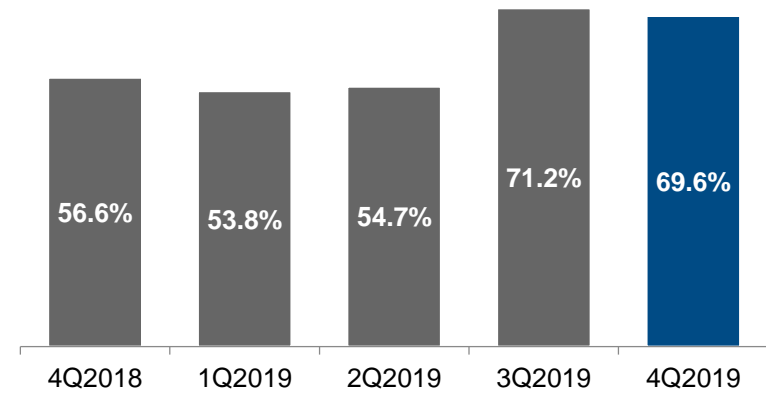
FY2019 Rental Reversions



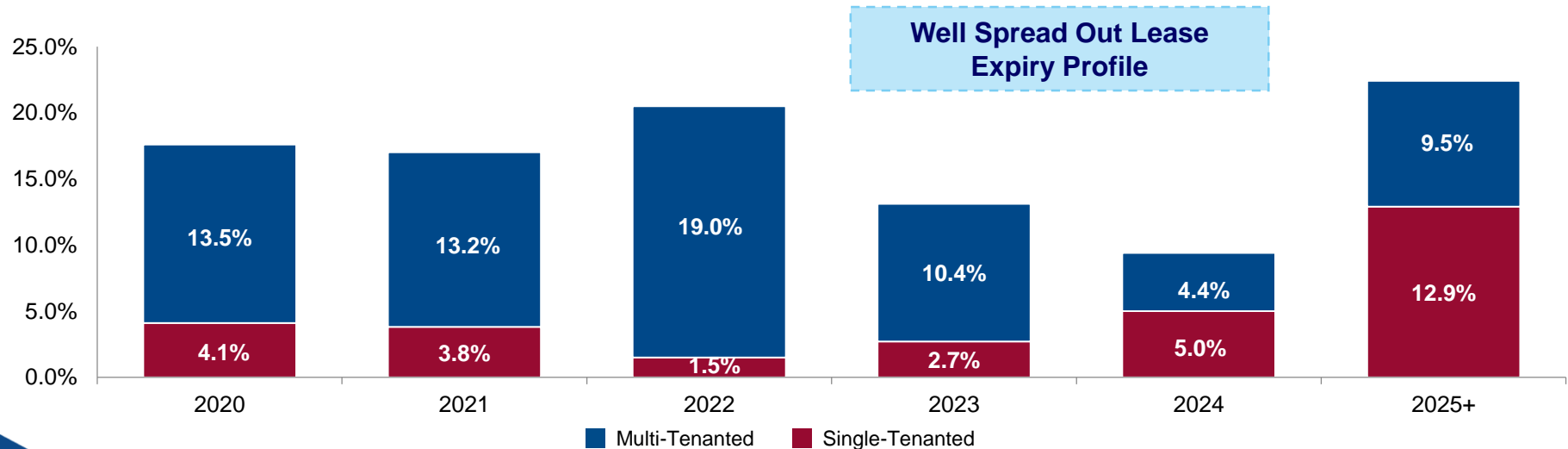
Proactive Lease Management

- WALE remains flat at 3.8 years
- Renewed and leased approximately 584,000 sqft of space in 4Q2019, bringing the total leased area to 2,749,000 sqft for FY2019
- YTD tenant retention rate of 69.6% improved against YTD tenant retention rate of 56.6% in 4Q2018
- No more than 20.5% of leases expiring in any given year over the next 3 years




YTD Tenant Retention Rate (as at 31 Dec 2019)



WALE by Rental Income (as at 31 Dec 2019)



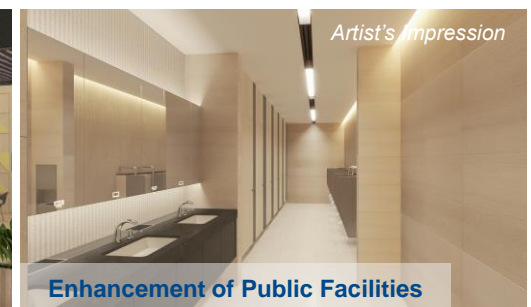
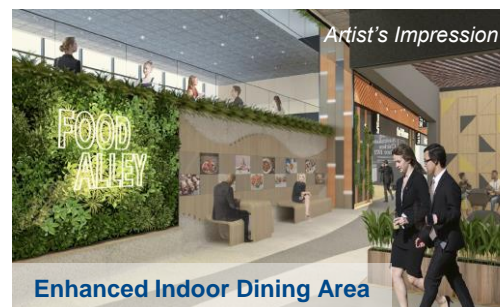
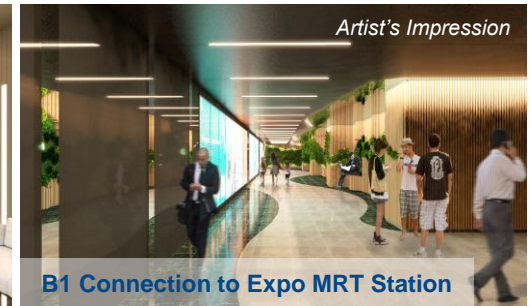
Leasing Update: New Major Leases Secured During the Quarter

	A General Industrial	B Logistics / Warehouse	C Logistics / Warehouse
Name of Tenant	AEM Singapore Pte. Ltd.	Giti Tire Global Trading Pte. Ltd.	Koa Denko (S) Pte Ltd
			
Location	54 Serangoon North Avenue 4	120 Pioneer Road	4 & 6 Clementi Loop
Description	A subsidiary of AEM Holdings Ltd (listed on the Singapore Exchange) is a global leader offering application specific intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G and AI markets.	A global tyre manufacturer with R&D and manufacturing plants across the world and they are also an OEM supplier of tyres to reputable car brands such as Volkswagen, Chevrolet, Renault, Peugeot, Isuzu, Proton and Citroen.	A subsidiary of the KOA Corporation headquartered in Japan since 1940 that manufactures high precision electronic components used in wide spectrum of industries such as automotive, telecommunications, home appliances, medical equipment and aerospace.
NLA (sqft)	19,330	15,500	19,738
Lease Commencement Date	15 November 2019	1 January 2020	16 February 2020

Leasing momentum continues to be steady with diverse mix of tenants across ESR-REIT's portfolio

AEI Update: Progress of UE BizHub EAST

Rejuvenation works commenced, on track for completion in 1Q2021



Details of the AEI

- Reconfiguration of external and internal public areas such as drop-off point, lift lobbies and underground link to MRT station to improve circulation and accessibility
- Rejuvenation of building façade and public facilities
- Property will remain fully operational during AEI
- Target completion in 1Q2021

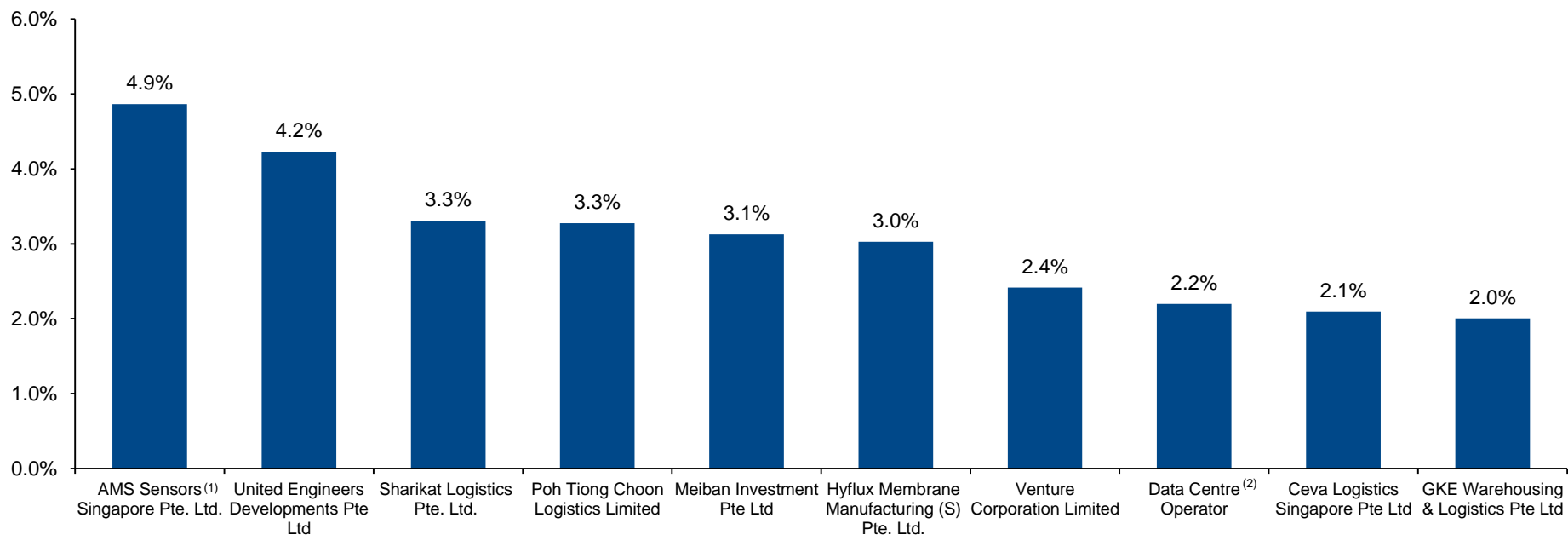
Partnership with Nanyang Polytechnic

- ✓ Collaboration with the School of Design to produce and design art pieces including sculptures and wall-mural exhibits to be displayed throughout the property
- ✓ Part of ESR-REIT's outreach initiative to nurture young artistic students and inspire them to showcase their talents
- ✓ Encourage awareness and appreciation of the arts in Singapore through community-based programmes
- ✓ Provide a platform for talented artists to showcase their works

Reduced Tenant Concentration Risk

Top 10 Tenants account for 30.5% of rental income

Top 10 Tenants by Rental Income (as at 31 Dec 2019)



Industrial Market Outlook and Strategy

*Top: UE BizHub EAST | Business Park
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Bottom: 30 Marsiling Industrial Estate Road 8 | High-Specs Industrial*



Industrial Property Market Outlook

1 Singapore's GDP grew by 0.8% on a y-o-y basis in 4Q2019⁽¹⁾

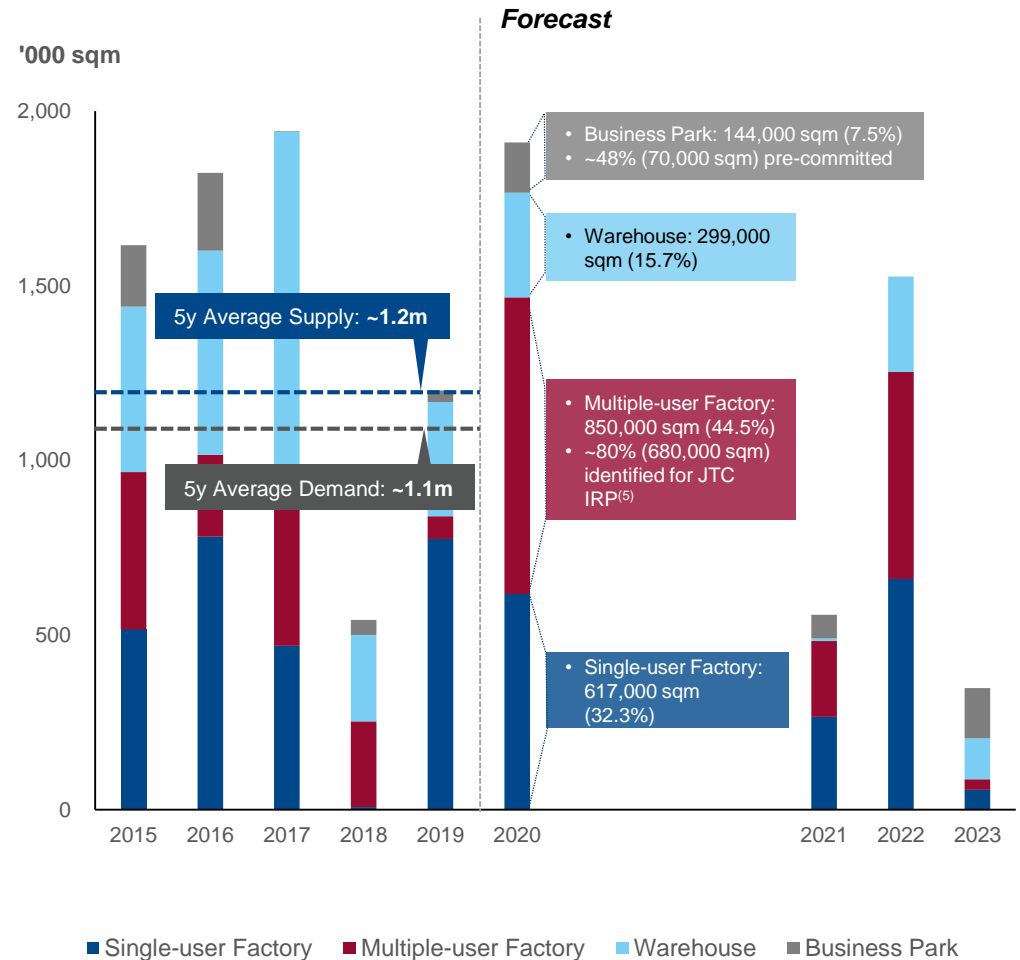
- GDP expanded by 0.7% for FY2019, the slowest full-year growth in a decade
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 0.1%, compared to 2.4% growth in 3Q2019
- Manufacturing output shrank for the fourth quarter straight at 2.1% on a y-o-y basis due to output declines in the electronics, chemicals and transport clusters
- Singapore's industrial output slipped 9.3% on a y-o-y basis as at November 2019⁽²⁾
- Singapore Purchasing Managers' Index for Dec 2019 expanded by 0.3 point to 50.1 from 49.8 in the previous month, the first expansion after seven consecutive months of contraction for the overall manufacturing sector⁽³⁾

2 Prices and rentals of industrial space remain stable, overall occupancy remains unchanged compared to previous quarter

- As at end 3Q2019, the occupancy rate of overall industrial property market remained unchanged for the past four quarters at 89.3%, a 0.2% increase over the previous year⁽⁴⁾
- Prices and rental of industrial space remained relatively stable. Price index increased marginally by 0.1% while rental index remained flat compared to the previous quarter⁽⁴⁾

3 Continued uncertainties over the status of US-China trade talks and sagging global and domestic demand have impacted industrial activities as output slumped. Thus, demand for space is expected to remain muted in the short to medium term given the time lag between any improved business conditions and its positive impact on the industrial leasing market

Net Supply of Industrial Space⁽⁴⁾



Conclusion

1



Stabilised Portfolio Provides Opportunities to Pursue Organic Growth

- Larger, diversified portfolio with a distribution yield of 7.6%
- Portfolio occupancy at 90.5% and stable weighted average lease expiry (by rental income) of 3.8 years
- Improving portfolio metrics supports effective execution of strategies such as AEI and rejuvenation plans to optimise returns for unitholders

2



Strengthen Quality of Portfolio through Proactive Asset Management

- Commenced AEI works for UE BizHub EAST, target for completion in 1Q2021
- FY2019 tenant retention rate improved to 69.6% from 56.6% in FY2018 with a total of 2,749,000 sqft of space renewed and leased during the year
- Continue to proactively diversify tenant concentration risk and improve tenant mix and quality within the portfolio
- Continue to divest non-core assets while acquiring and rejuvenating future-ready assets

3



Prudent Capital Management

- Reduced risks to capital structure with a well-staggered debt maturity profile with a weighted average debt expiry of 2.6 years
- Improved WAFDE⁽¹⁾ with the proportion of interest rate exposure fixed at 88.8% for 2.6 years
- No refinancing requirements for 2020⁽²⁾
- Continue to maintain a disciplined capital management approach

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



Diversified portfolio of **57** properties across Singapore

Total GFA of approximately **15.1 million sqft**



Portfolio Occupancy

90.5%

Above JTC Average of 89.3%⁽¹⁾



Asset Valuation

S\$3.04 billion⁽²⁾

328 tenants

from different trade sectors



Located close to major transportation hubs and key industrial zones



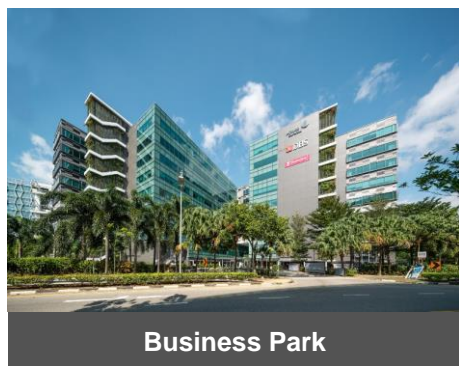
Weighted Average Lease Expiry of

3.8 years



Total Assets

S\$3.2 billion



Business Park



High-Specs Industrial



Logistics / Warehouse



General Industrial



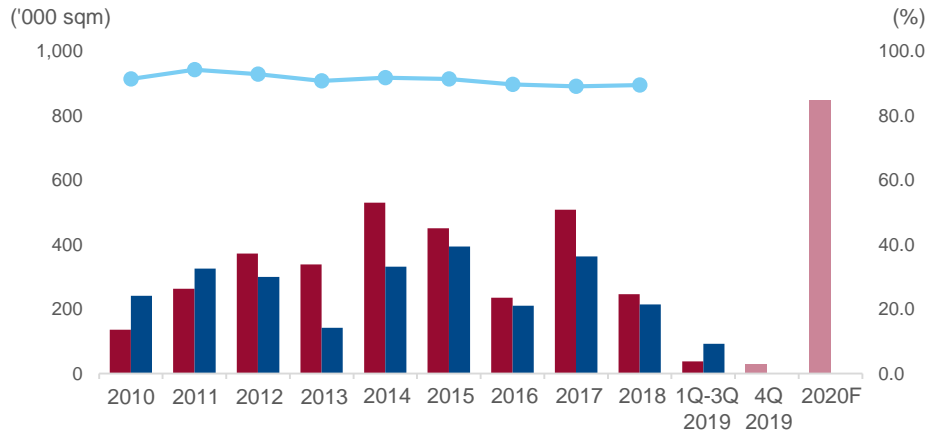
Notes: (1) Based on 3Q2019 data from JTC. (2) Includes (i) 100% of the valuation of 7000 Ang Mo Kio Avenue 5 in which ESR-REIT holds 80% interest; and (ii) 49% of the valuation of 48 Pandan Road in which ESR-REIT holds 49% interest, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

Key Portfolio Statistics

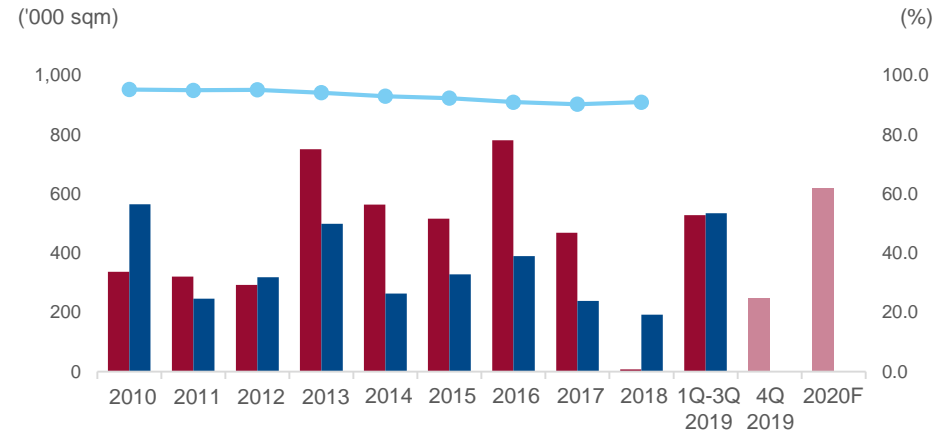
	As at 31 Dec 2019	As at 30 Sep 2019	As at 31 Dec 2018
Number of Properties	57	57	57
Valuation (S\$ million) ⁽¹⁾	3,159.4	3,134.4	3,021.9
GFA (million sqft)	15.1	15.1	14.1
NLA (million sqft)	13.5	13.5	12.6
Weighted Average Lease Expiry (“WALE”) (years)	3.8	3.8	3.8
Weighted Average Land Lease Expiry (years) ⁽²⁾	32.3	32.2	30.7
Occupancy (%)	90.5	91.0	93.0
Number of Tenants	328	332	339
Security Deposit (months)	5.9	6.1	6.3

Industrial Property Market

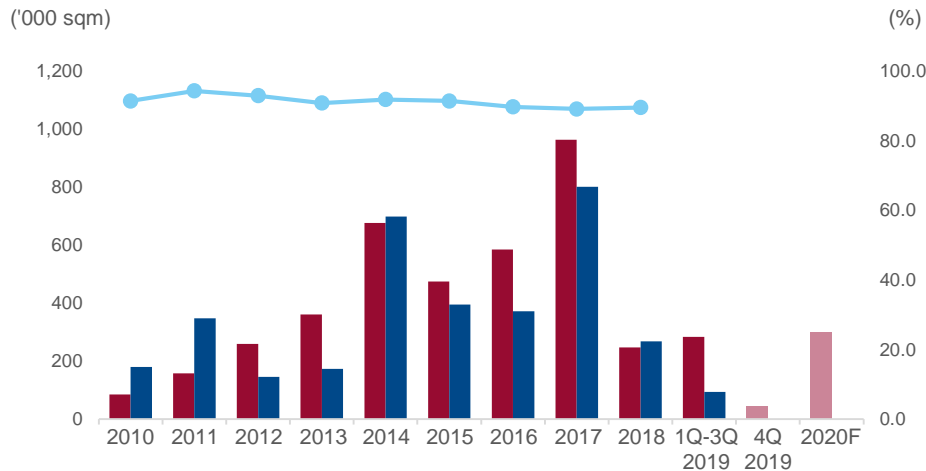
Net Demand and Supply for Multi-user Factories



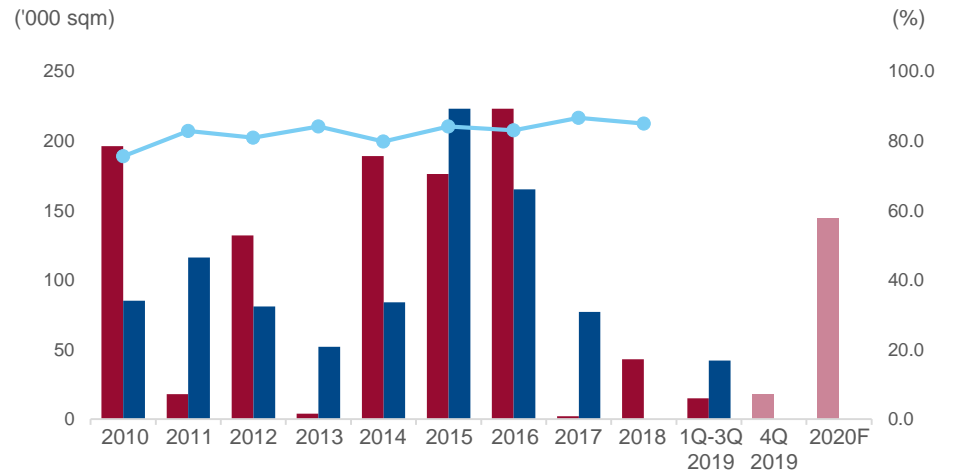
Net Demand and Supply for Single-user Factories



Net Demand and Supply for Warehouses



Net Demand and Supply for Business Parks

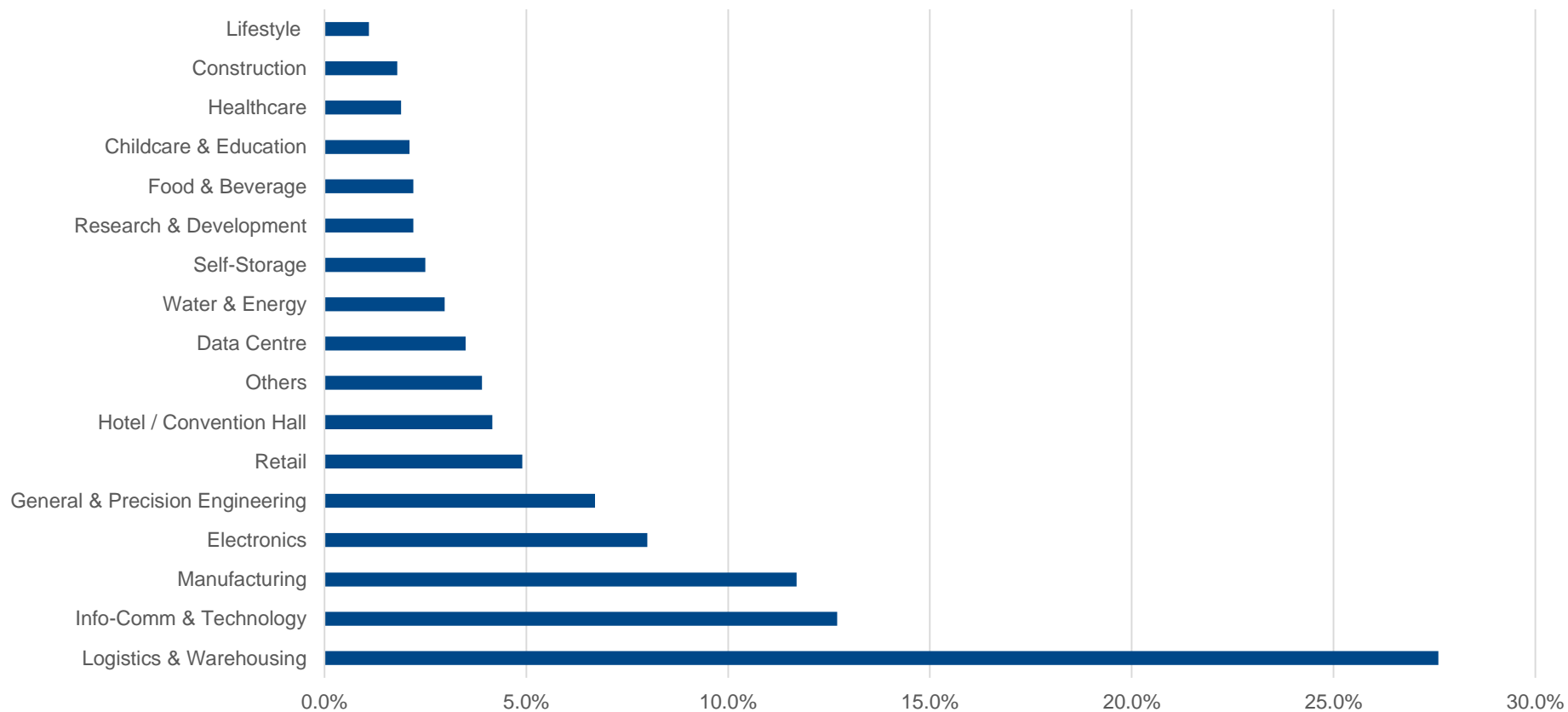


■ Net Supply ■ Net Demand ● Occupancy Rate

Diversified Tenant Base and Trade Sectors

No individual trade sector accounts for more than 27.6% of ESR-REIT's Rental Income

Breakdown by Trade Sectors (by Rental Income) (as at 31 Dec 2019)



ESR-REIT's Competitive Strengths

- **Largest APAC focused** logistics real estate platform with more than **US\$20 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



- 57 properties valued at S\$3.04 billion⁽¹⁾
- **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 >27.6% of rental income
- **Healthy occupancy rate** of 90.5%
- Healthy Portfolio WALE of 3.8 years
- Leases on average have **5.9 months security deposits**
- **Built-in rental escalations** provide organic growth

- Extensive network of 328 tenants
- Diversified across industries including: Logistics, Wholesale Trade, General Storage, Fabrication and Electronics
- Top 10 tenants account for 30.5% of rental income
- **Long lease terms** of 3-15 years provide **stability** for Unitholders, with built-in rental escalations
- **69.6% tenant retention rate**

- **Stable and secure income stream** supported by **prudent capital and risk management**
 - Staggered debt maturity profile; gearing of 41.5%⁽²⁾
 - **88.8%** of interest rate exposure fixed for **2.6 years**
 - **100%** of assets unencumbered⁽³⁾
- **Diversified pools of capital while broadening banking relationships**

Our Long-Term Strategy

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



Organic Growth

- AEs 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

Important Notice

This material shall be read in conjunction with ESR-REIT's results announcements for the quarter ended 31 December 2019.

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