Empowered to deliver A **Sustainable** and **Resilient** Future

11th Annual General Meeting

5 June 2020

Presented by

Adrian Chui, CEO and Executive Director

Contents

Key Highlights

ESR-REIT IS
EMPOWERED
TO CREATE LONG TERM
UNITHOLDER VALUE

3 Tuas South Avenue 4 | General Industrial

FY2019 Performance Highlights

PROACTIVE ASSET MANAGEMENT

Portfolio Occupancy
90.5% ▼ 2.5% y-o-y
Above JTC Average of 89.2%[1]

Weighted Ave Lease Expiry
3.8 years No change y-o-y

Portfolio Value
S$3.2B[2] ▲ 4.6% y-o-y

PRUDENT CAPITAL MANAGEMENT

Aggregate Leverage
41.5% 41.9% FY2018

Weighted Ave Debt Expiry
2.6 years ▼ 3.7% y-o-y

Weighted Ave All-in Cost of Debt
3.92% 3.81% FY2018

FINANCIAL PERFORMANCE

Gross Revenue
S$253.0M ▲ 61.3% y-o-y

Net Property Income
S$187.9M ▲ 67.7% y-o-y

Distribution per Unit
4.011 cents ▲ 4.0% y-o-y

ACTIVE PORTFOLIO OPTIMISATION IN FY2019

Divestment in June: *31 Kian Teck Way (General Industrial)*

Acquisition in August: *49.0% interest in 48 Pandan Road (Ramp-up logistics facility)*

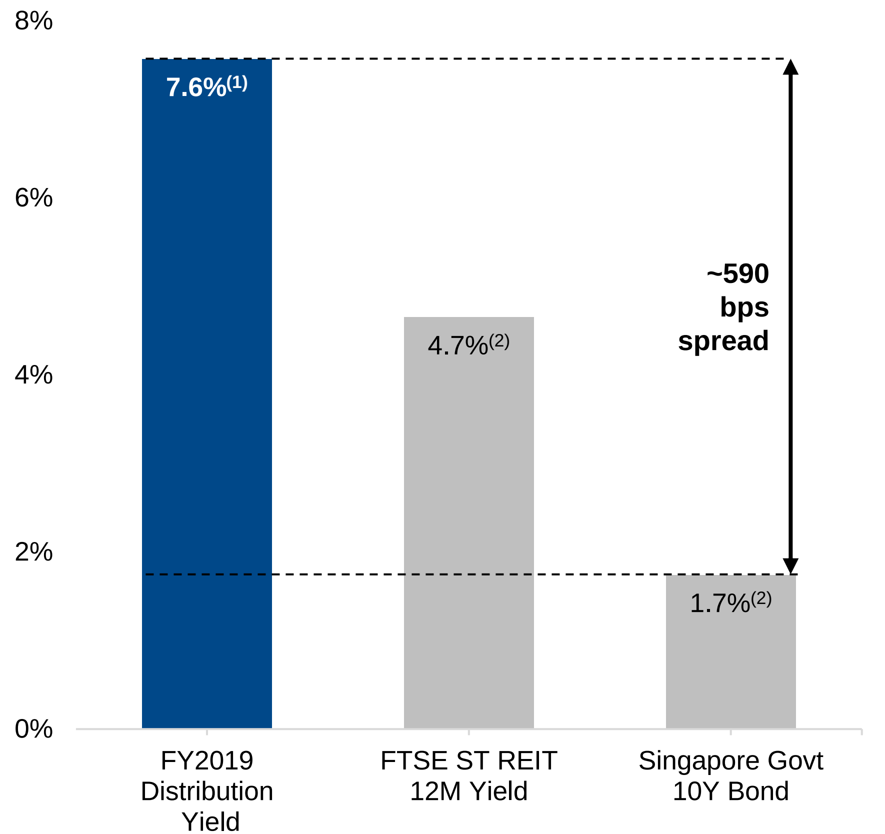
Asset Enhancement: UE BizHub EAST *(Business Park)*

ESR REIT

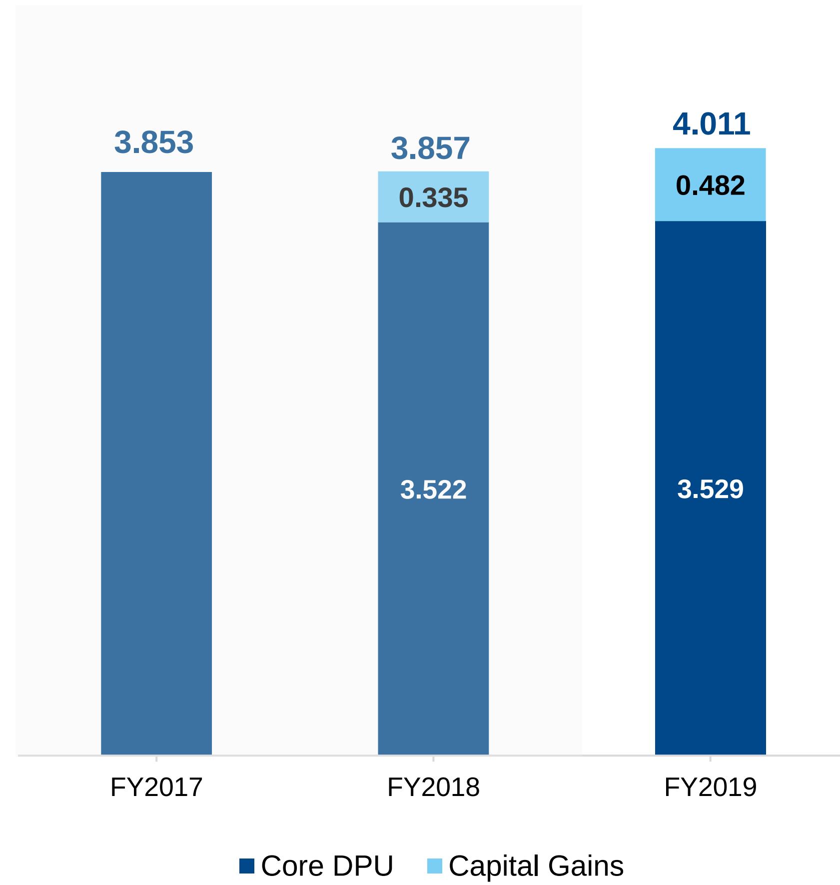
Notes: (1) Based on 4Q2019 data from JTC. (2) Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019.

FY2019 Distributions

FY2019 Distribution Yield (%)



Yearly Distribution Per Unit (cents)



Notes: (1) Based on closing price of S$0.530 as at 31 December 2019 and FY2019 DPU of 4.011 cents. (2) Based on closing price as of 31 December 2019.

FY2019 Financial Performance

UE BizHub EAST | Business Park

Summary of Financial Results

	FY2019 (S$ million)	FY2018 (S$ million)	+/(-) (%)
Gross Revenue[1][2]	253.0	156.9	61.3 ▲
Net Property Income ("NPI")[1][2]	187.9	112.0	67.7 ▲
Distributable Income[3]	116.5	67.9	71.5 ▲
Distribution from Tax Exempt Income	-	0.5	n.m.
Distribution from Other Gains[4]	16.1	6.0	168.3 ▲
Total Distribution to Unitholders	132.6	74.5	78.0 ▲
Applicable number of units for calculation of DPU (million)	3,305.1	1,930.7	71.2 ▲
Distribution Per Unit ("DPU") (cents)	**4.011**	**3.857**	**4.0** ▲
- Core DPU	3.529	3.522	
- Capital Gains	0.482	0.335	

Notes:

(1) Higher gross revenue and NPI was mainly attributed to (a) the full 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$0.7 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$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 31 Dec 2018 (S$ million)
Investment Properties[1]	2,934.4	3,021.9
Right-of-use of Leasehold Land (FRS 116)	227.7	-
Other Assets	67.6	28.8
Total Assets	**3,229.7**	**3,050.7**
Total Borrowings (Net of Debt Transaction Costs)	1,191.1	1,268.2
Lease Liabilities for Leasehold Land (FRS 116)	227.7	-
Non-Controlling Interest	61.1	61.1
Other Liabilities	90.1	90.6
Total Liabilities	**1,570.0**	**1,419.9**
Net Assets Attributable to:		
- Perpetual Securities Holders	151.1	151.1
- Unitholders	1,508.6	1,479.7
No. of Units (million)	3,487.3	3,170.2
NAV Per Unit (cents)	**43.3**	**46.7**

ESR REIT

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.

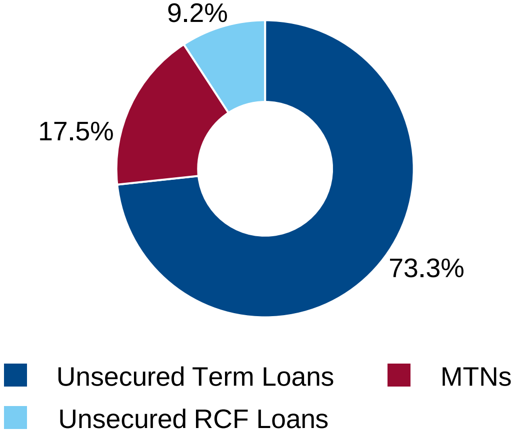
Key Capital Management Indicators

- **Gearing at 41.5%[(1)] with weighted average cost of debt at 3.92%.**
- **WADE[(2)] at 2.6 years.**
- **88.8% of interest rate exposure is fixed for 2.6 years.**

	As at 31 Dec 2019	As at 31 Dec 2018
Debt to Total Assets (%)	41.5[(1)]	41.9
Weighted Average All-in Cost of Debt (%) p.a.	3.92	3.81
Weighted Average Debt Expiry ("WADE") (years)	2.6	2.7
Interest Coverage Ratio (times)	3.7	4.0
Proportion of Unencumbered Investment Properties (%)[(3)]	100	100
Debt Headroom (S$ million)	195.2	173.2
Undrawn Available Committed Facilities (S$ million)	90.0	82.4

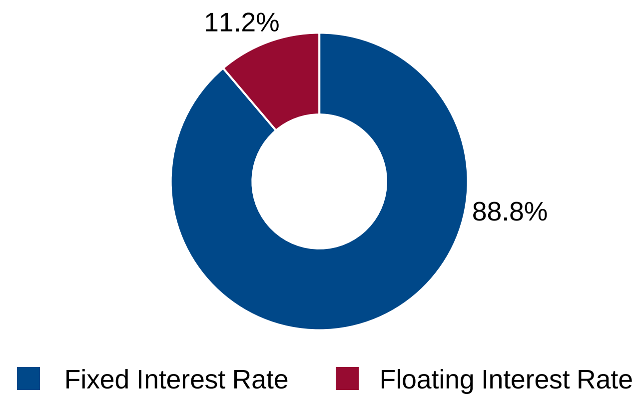
Breakdown of Debt (as at 31 Dec 2019)

Total Debt of S$1,200.0m



Interest Rate Exposure Fixed (%)

88.8% of interest rate exposure fixed for 2.6 years

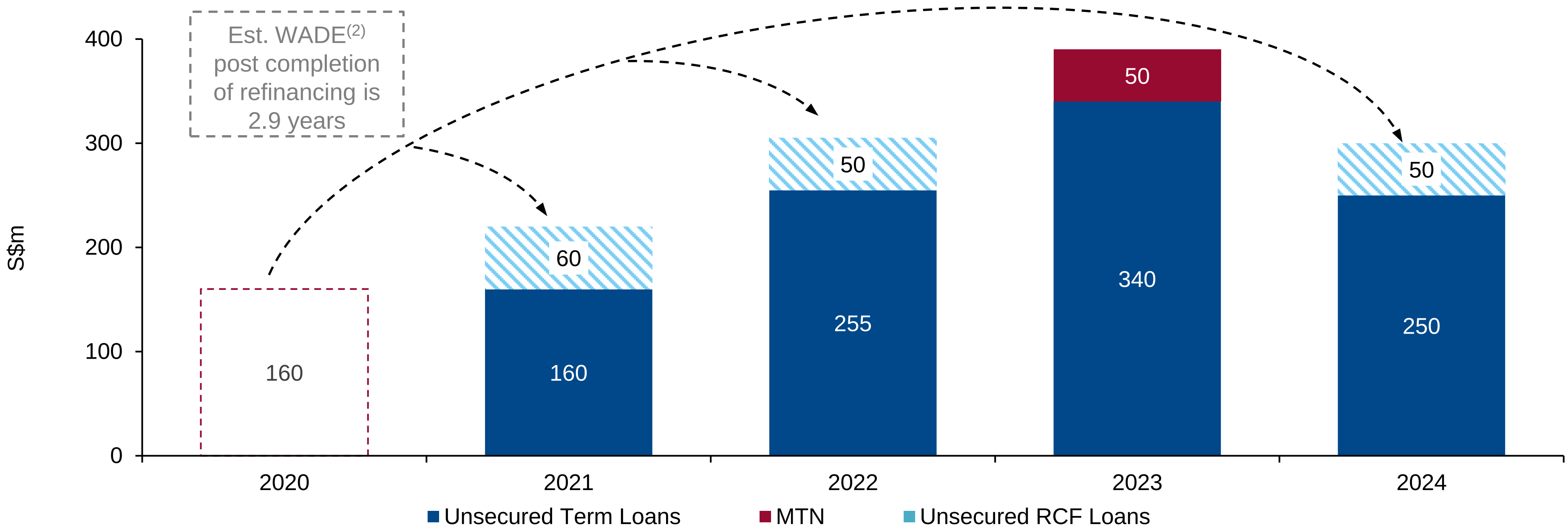


Notes: (1) Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019. (2) Weighted average debt expiry. (3) Excludes ESR-REIT's 49% interest in 48 Pandan Road.

Well-Staggered Debt Maturity Profile

- **S$160 million MTN expiring in FY2020 was refinanced with an unsecured term loan[(1)].**
- **No more refinancing requirement in 2020.**

Debt Maturity Profile (as at 31 Mar 2020)



% of Debt Expiring	0	18.1	25.1	32.1	24.7

Notes:
(1) Refer to announcement titled "Entry into S$200 million Unsecured Loan Facility" dated 28 February 2020.
(2) Weighted average debt expiry.

FY2019 Trading Performance

Broader Investor Base with Higher Trading Liquidity and Increased Research Coverage

Improved Trading Liquidity

Well-Covered by Research Brokers

BNP PARIBAS	CGS CIMB	citi	CLSA	Daiwa Capital Markets	DBS	OCBC Investment Research	RHB	SCCM
"Hold"	"Add"	"Buy"	"Buy"	"Hold"	"Buy"	"Buy"	"Buy"	"Buy"
TP(1): S$0.40	TP(1): S$0.50	TP(1): S$0.53	TP(1): S$0.45	TP(1): S$0.52	TP(1): S$0.43	TP(1): S$0.49	TP(1): S$0.50	TP(1): S$0.61

Note: (1) "TP" denotes target price.

Real Estate Highlights

48 Pandan Road | Logistics / Warehouse

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 89.2%[(1)]

Asset Valuation

S$3.04 billion[(2)]

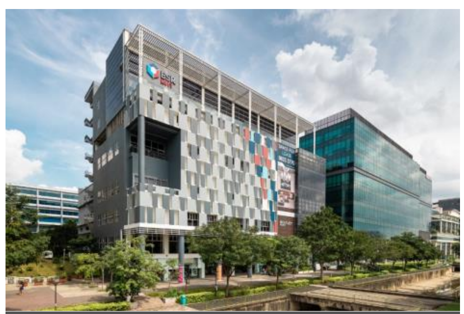
328 tenants from different trade sectors

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

ESR REIT

Notes: (1) Based on 4Q2019 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.

Well Located Portfolio Across Singapore

Portfolio of 57 assets totalling S$3.2bn[(1)], located close to major transportation hubs and within key industrial zones across Singapore

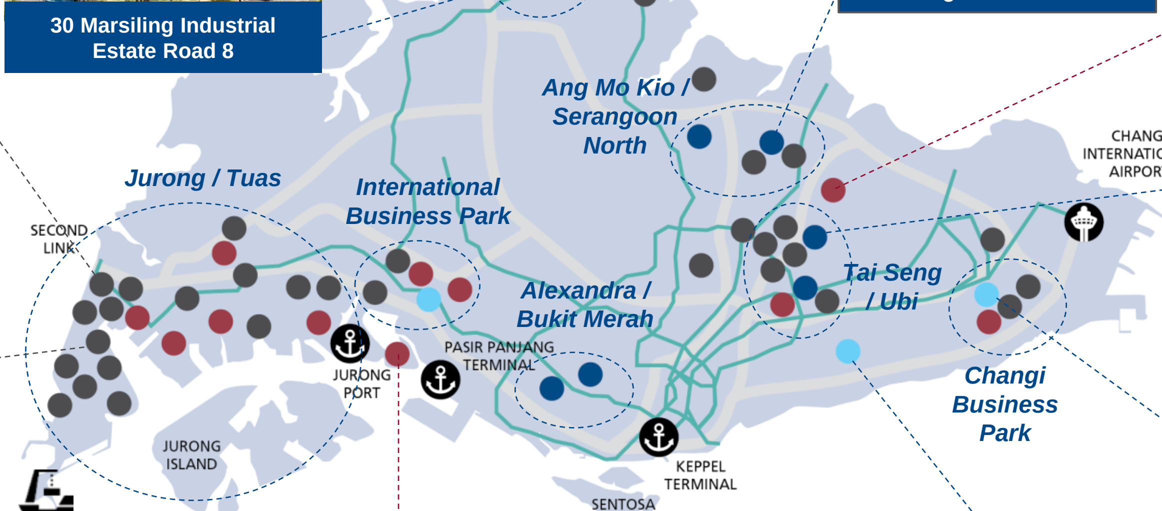

30 Marsiling Industrial Estate Road 8


7000 Ang Mo Kio Avenue 5


15 Greenwich Drive


120 Pioneer Road

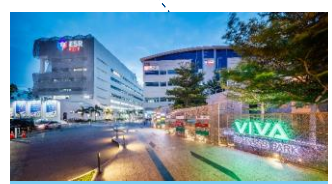

3 Tuas South Ave 4




16 Tai Seng Street


UE BizHub EAST


48 Pandan Road (PTC Logistics Hub)


Viva Business Park

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

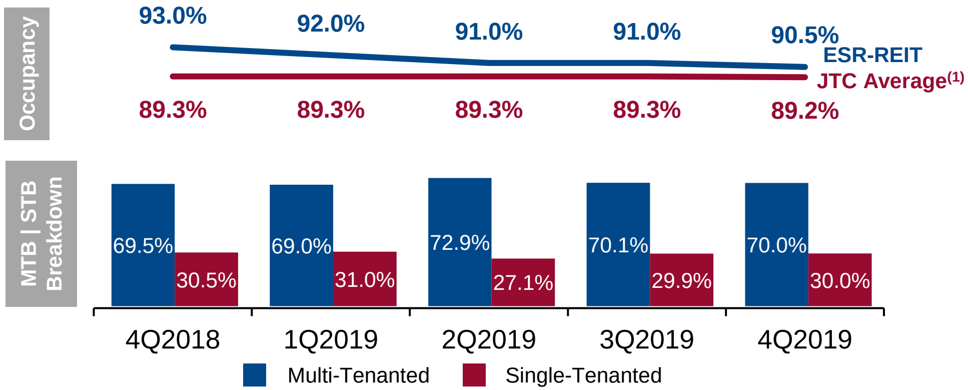
ESR REIT

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.

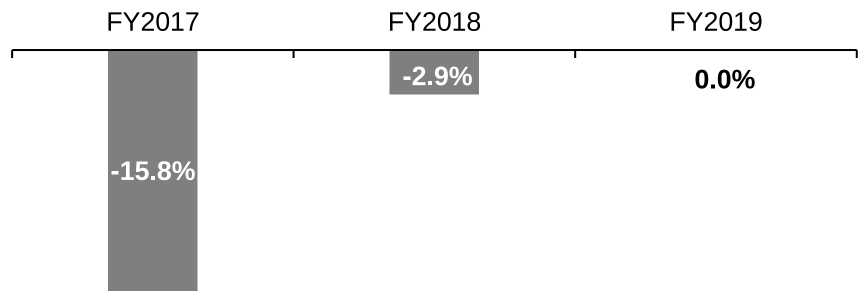
Diversified Portfolio with Stable Fundamentals

Stabilised Occupancy and Consistently Above JTC Average

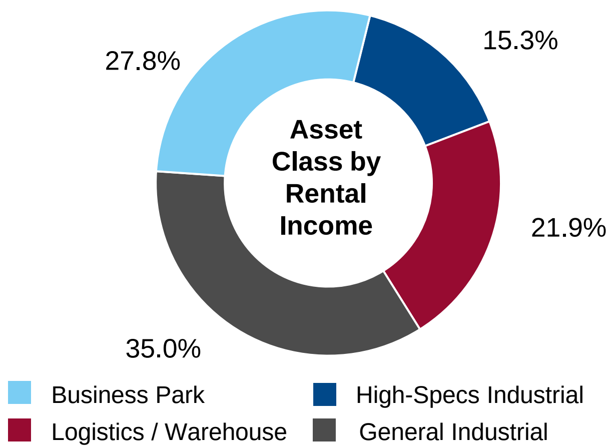
Occupancy fluctuations due to portfolio comprising approx. 70.0% MTBs by rental income



FY2019 Rental Reversions

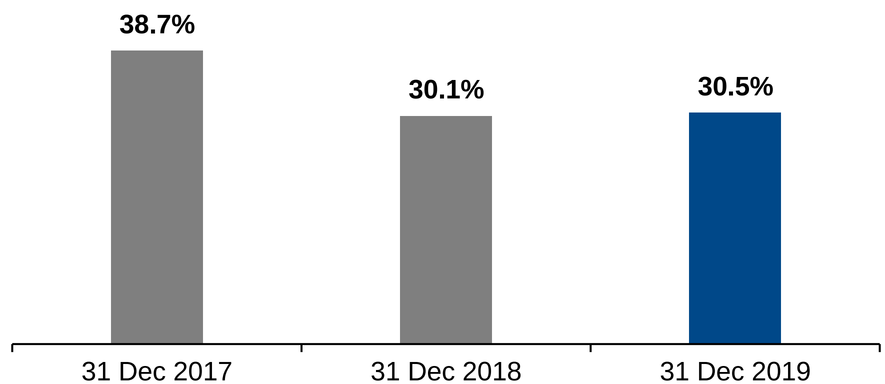


Well-balanced Exposure to Four Industrial Sub-sectors



Top 10 Tenant Concentration Risk

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

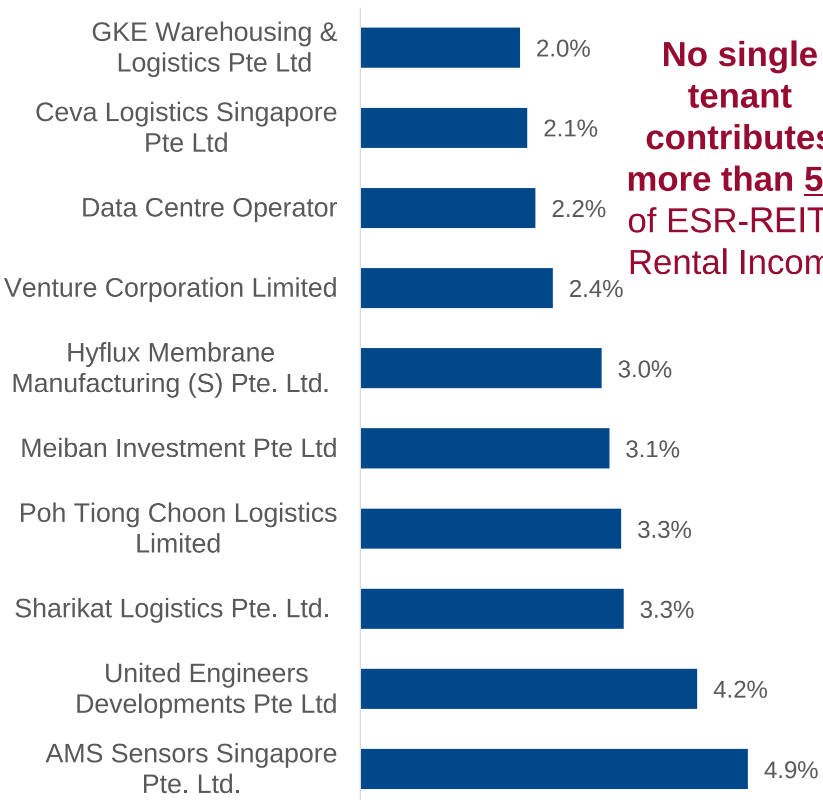


Notes: (1) Based on JTC Quarterly Market Reports 3Q2018-4Q2019.

Diversified Tenant Base

Top 10 Tenants

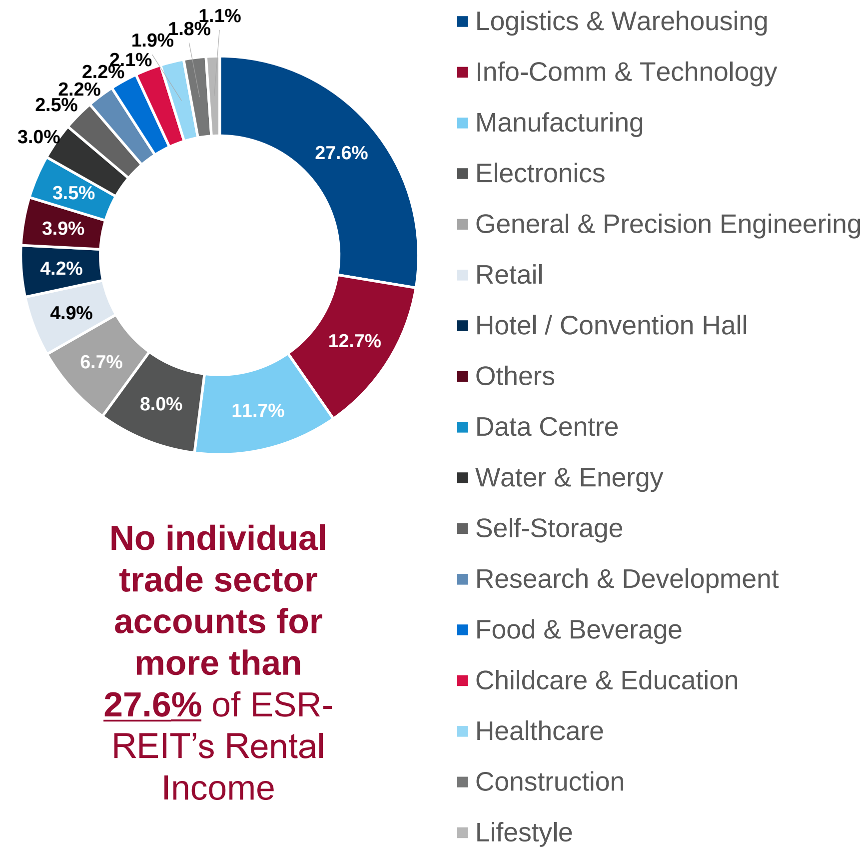
31.1% of NLA | **30.5% of Rental Income**



No single tenant contributes more than <u>5%</u> of ESR-REIT's Rental Income

Breakdown by Trade Sectors

328 diverse tenants



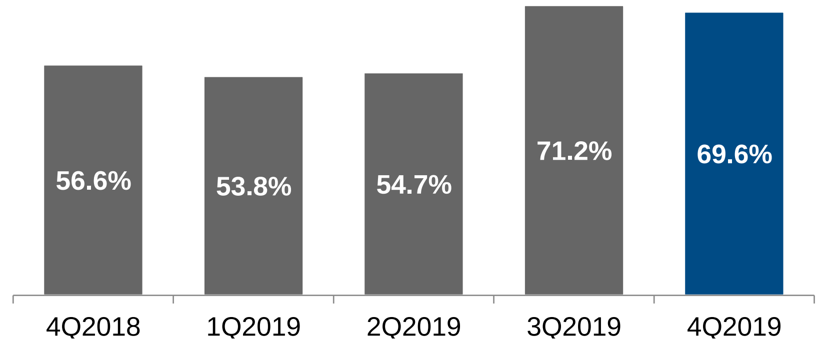
No individual trade sector accounts for more than <u>27.6%</u> of ESR-REIT's Rental Income

ESR REIT

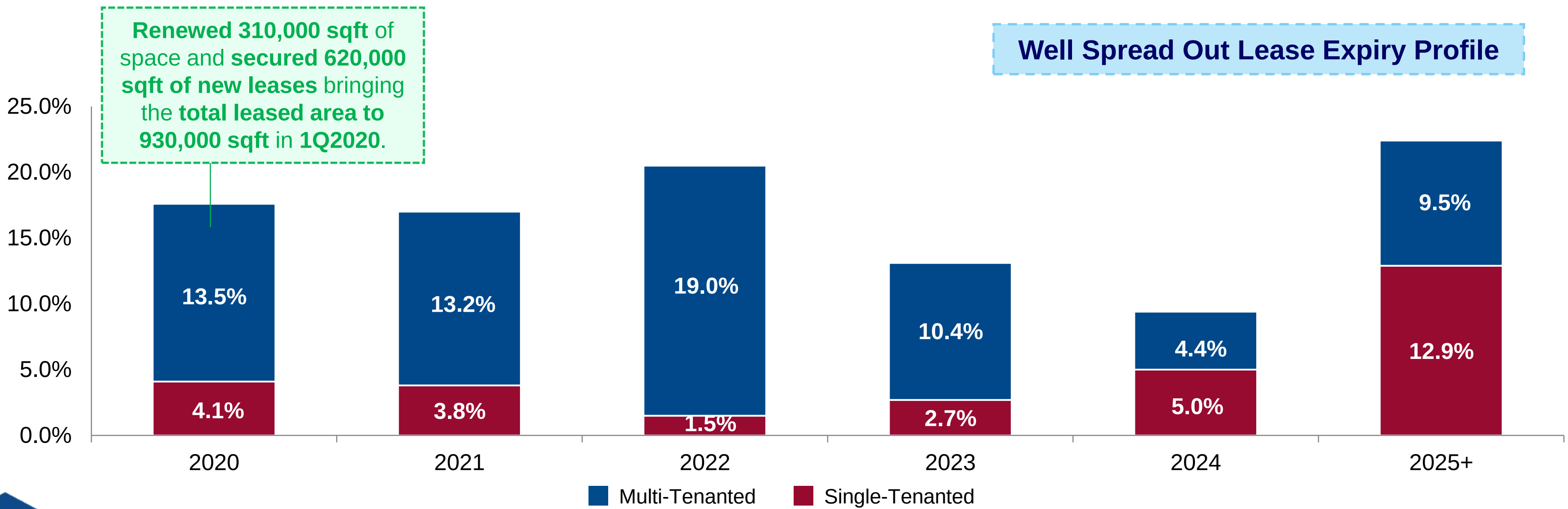
Proactive Lease Management

- **WALE** remains flat at **3.8 years**
- Renewed and leased approximately **2,749,000 sqft** of space in **FY2019**
- **Tenant retention rate of 69.6% improved** against tenant retention rate of 56.6% in FY2018
- **No more than 20.5% of leases expiring** in any given year **over the next 3 years**

YTD Tenant Retention Rate



WALE by Rental Income



ESR REIT

Portfolio Optimisation:
PTC Logistics Hub – Modern Ramp-up Warehouse

Poh Tiong Choon Logistics Hub (48 Pandan Road)

Benefits of the Acquisition

- Newly-completed, modern ramp-up warehouse
- Strategically located within the Jurong Industrial Estate
- Strengthens portfolio exposure to the logistics sector (c. 60% of logistics portfolio comprising in-demand and modern ramp-up facilities)
- 10-year lease with fixed rental escalation p.a. lengthens WALE

Portfolio Optimisation:
Divested 31 Kian Teck Way at Above Valuation

31 Kian Teck Way (General Industrial)

Benefits of the Divestment

In line with Manager's proactive asset management strategy to rejuvenate ESR-REIT's portfolio

Divest lower-yield non-core properties

Improve the quality of ESR-REIT's portfolio and optimise returns for Unitholders

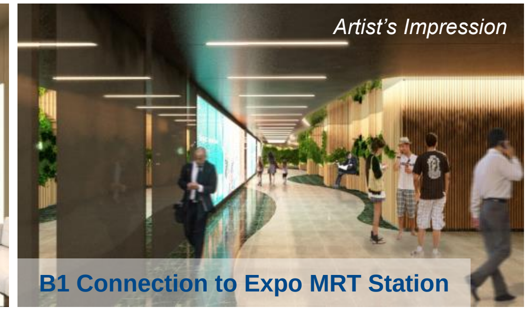
Divested at 1.7% premium above Book Value of Property

Note:
(1) As at completion date of 28 June 2019.

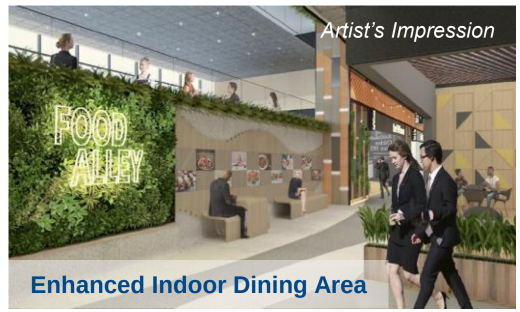
Portfolio Rejuvenation:
AEI works at UE BizHub EAST

Rejuvenation works commenced, on track for completion in 1Q2021

Lift Lobby



B1 Connection to Expo MRT Station



Enhanced Indoor Dining Area

Enhancement of Public Facilities

<u>Details of the AEI</u>

- 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
- Part of ESR-REIT's outreach initiative to nurture young artistic students
- Encourage awareness and appreciation of the arts in Singapore
- Provide a platform for talented artists to showcase their works

Note: (1) Above images are artist impressions. Pictures may differ from actual view of the completed properties.

Looking Ahead

ESR-REIT IS
EMPOWERED
TO CREATE LONG TERM
UNITHOLDER VALUE

3 Tuas South Avenue 4 | General Industrial

Singapore Industrial Market Outlook

Singapore Economy

1 Outlook has sharply deteriorated amid widespread COVID-19 pandemic.

- The Singapore economy contracted 4.7% on q-o-q basis in 1Q2020.[(1)]
- MTI forecasts Singapore's 2020 GDP figures to shrink by 4% to 7%.[(1)]
- PMI further contracted by 0.7 point to 44.7 in April 2020.[(2)]

2 Significant uncertainties remain in the global economy

- Risk of returning waves of COVID-19 infections in major economies such as the US, Europe and China could further disrupt economic activities.
- Outward-oriented sectors such as manufacturing, wholesale trade, and transportation & storage will be adversely affected by the expected slowdown, as well as more prolonged supply chain disruptions.[(3)]

3 As a result, Singapore's economy looks headed for deeper recession amid worsening global demand and expected impact of circuit breaker measures in second quarter growth momentum.[(3)]

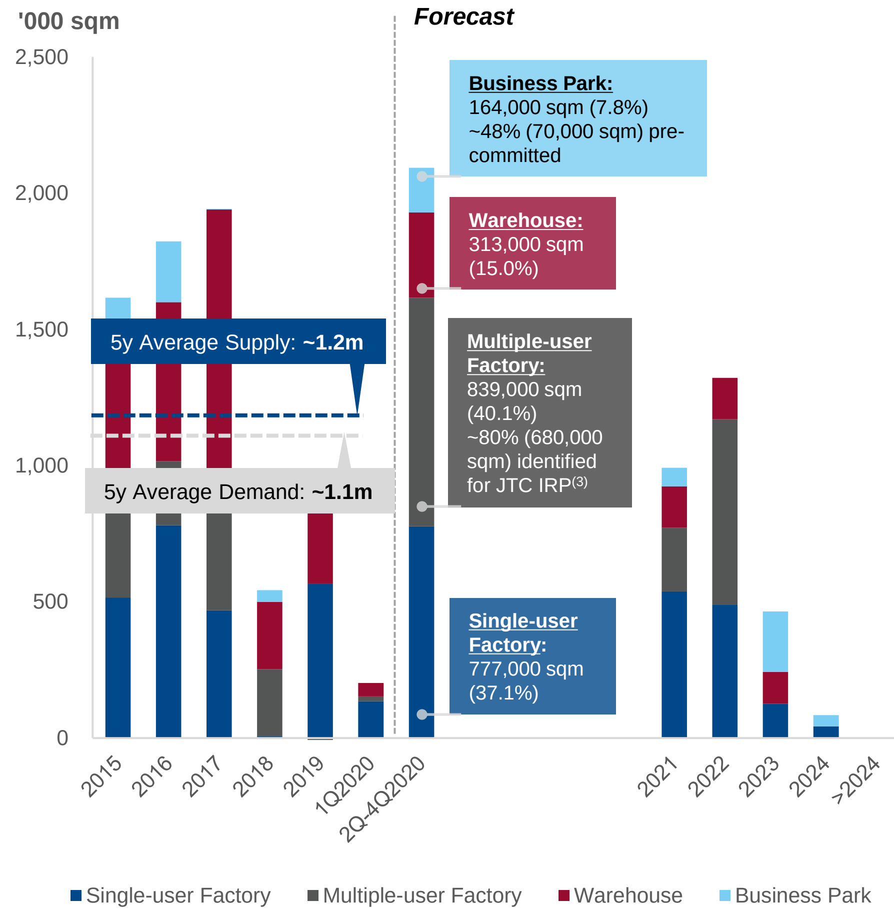
Notes: (1) Based on Economic Survey of Singapore First Quarter 2020 released by Ministry of Trade and Industry (MTI). (2) Based on monthly PMI figures obtained from the SPIMM institute. (3) Subhani, O. (2020, May 27). Singapore headed for deeper recession and more job losses. *The Straits Times*. Retrieved from https://www.straitstimes.com/business/economy/singapore-headed-for-deeper-recession-and-more-job-losses

Singapore Industrial Market Outlook (cont'd)

Industrial Property Market Outlook

1. **Prices and rentals of industrial space in 1Q2020 were muted**, overall occupancy remains unchanged compared to previous quarter.[(1)]
   - Downward pressures on prices and rentals due to COVID-19 will only be felt in subsequent quarters.
2. **Industrialists' expansion plans on hold.[(2)]**
   - Continued uncertainties over demand and closure of borders due to the evolving nature of COVID-19 have impacted industrial activities.
   - Firms in manufacturing sector are likely to experience a slowdown given disruptions in their supply chain.
3. Nevertheless, we have seen prospects in the logistics and high-specs sector due to
   - Increasing e-commerce demand and storage of essential goods.
   - Planning for diversification by MNCs of their global supply chain due to COVID-19 and increased US-China trade tensions.

Net Supply of Industrial Space[(4)]



Notes: (1) Based on 1Q2020 data from JTC. (2) Based on Savills Industrial Brief Q1 2020. (3) Refers to the Industrial Redevelopment Programme (IRP) launched by JTC to redevelop and increase land productivity.

Operational Impact of COVID-19

- **More than 50% of tenants deemed essential services** have remained operational during Circuit Breaker period.
- **Increasing demand in the logistics sector** as businesses are increasing their storage requirements in view of disruption in global supply chains.
- Leasing team has also experienced **increase in enquiries for space in the High-Specs industrial sector**.
- Although Circuit Breaker measures have **restricted property viewings and onsite meetings**, there are **limited disruptions** to asset and property management as such business-critical functions are also considered essential services.
- Our focus during this unprecedented period is **Prudency** and our measures will be implemented in the long term **interests of unitholders**.

MITIGATING THE IMPACT OF COVID-19

1 Prudent Capital Management

- **Cash position is stable** with **no more refinancing risk for FY2020**.
- **Financial flexibility** from available committed undrawn credit facilities.
- In 1Q2020, we have **set aside potential rental rebates to support tenants adversely affected by COVID-19**.
- **S$7.0 million** of the distributable income available in 1Q2020 **was retained as a precautionary measure for prudent cash flow management.**
- Continue to focus on conserving cash by **implementing cost savings measures on operating expenses and deferring all non-essential capital expenditures,** where possible.
- **Pending the understanding, clarification and analysis of the rental reliefs measures announced under the Fortitude Budget, Management will then be in a better position to advise on the release of the retained distributable income.**

Mitigating the Impact of COVID-19

2 Supporting Affected Tenants

- **Property tax rebates** announced by the Singapore Government **have been passed on** to qualifying tenants.
  - ✓ **100% property tax rebate** for qualifying commercial properties which will offset about 0.9 to 1.4 months of rent.
  - ✓ **30% property tax rebate** for qualifying industrial properties which is equivalent to ~0.3 months of rent.
- **Tenants support package** to ease COVID-19 impact.
  - ✓ **Additional rental relief** for qualified tenants in response to extension of Circuit Breaker and phased re-opening.
  - ✓ **Deferment of rent**, payable in instalments over subsequent periods.
- Other assistance in the form of lease restructuring and/or relief on a case by case basis to cushion the economic impact of COVID-19 on business operations.

3 Precautionary Health & Safety Measures

- **Implemented safe distancing measures** across the properties.
- **Enhanced sanitisation protocols** such as increased frequency of cleaning and sanitising of high contact points and public areas.
- **Protective measures to safeguard the health of the local community** at all MTBs e.g. conduct temperature screening.
- **Group activities** such as bazaars and weekly physical activities organised by Health Promotion Board are **temporarily suspended**.

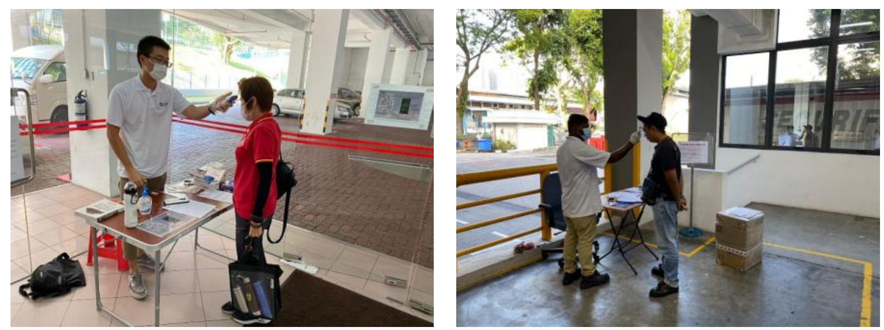
Mitigating the Impact of COVID-19 (con'td)

Precautionary health and safety measures implemented to safeguard the well-being of our tenants, employees and the local community

▲ Frequent sanitisation and disinfection of high contact points

▲ Floor markers

▲ Notices at high visibility areas to guide the public



▲ Temperature Screening Stations

Conclusion

1

A large portfolio diversified across asset classes provides stability

- Portfolio occupancy at 90.5% and stable weighted average lease expiry of 3.8 years.
- Our stable portfolio metrics supports effective execution of strategies such as AEI and rejuvenation plans to optimise returns for unitholders.

2

Proactive Asset Management to mitigate impact of COVID-19 on businesses

- FY2019 tenant retention rate improved to 69.6% with a total of 2,749,000 sqft of space renewed and leased during the year.
- Recovery plans are being developed to support income resilience.
- Remain focused on scalable business segments such as e-commerce and high-value manufacturing that are well-placed to respond to post COVID-19 recovery.

3

Prudent Capital Management

- Our **cash position is stable** with **no more refinancing risk for FY2020**[(1)], in addition to financial flexibility from committed undrawn credit facilities.
- Well-staggered debt maturity profile with a weighted average debt expiry of 2.6 years[(2)]. Improved WAFDE[(3)] with the proportion of interest rate exposure fixed at 88.8% for 2.6 years.
- Continue to maintain a prudent and disciplined capital management approach.

Notes: (1) Refer to announcement titled "Entry into S$200 million Unsecured Loan Facility" dated 28 February 2020. (2) As at 1Q2020, the estimated Weighted Average Debt Expiry post MTN refinancing is expected to be 2.9 years. (3) Weighted Average Fixed Debt Expiry.

Appendix

UE BizHub EAST | Business Park

1Q2020 Key Highlights

PROACTIVE ASSET MANAGEMENT

Portfolio Occupancy
90.5%
No Change

YTD Tenant Retention
87.1%
69.6% FY2019

Weighted Ave Lease Expiry
3.6 years
▼ 5.3% q-o-q

Rental Reversions
-0.1%
0.0% FY2019

PRUDENT CAPITAL MANAGEMENT

Aggregate Leverage
41.7%
41.5% 4Q2019

Weighted Ave Debt Expiry
2.4 years[1]
▼ 7.7% q-o-q

Weighted Ave All-in Cost of Debt
3.81%[2]
3.92% 4Q2019

Interest Coverage Ratio
3.35x
3.7x 4Q2019

FINANCIAL PERFORMANCE

Gross Revenue
S$57.8M
▼ 7.5% q-o-q

Net Property Income
S$41.0M
▼ 11.2% q-o-q

Distributable Income
S$24.5M
▼ 15.8% q-o-q

Distribution per Unit
0.500 cents
▼ 50.0% q-o-q

ESR REIT

Notes:
1. As at 1Q2020, the estimated Weighted Average Debt Expiry post MTN refinancing is expected to be 2.9 years.
2. As at 1Q2020, the estimated Weighted Average All-In Cost of Debt post MTN refinancing is expected to be c.3.7%.

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

Important Notice

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

Important Notice

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