



# ESR Group Sponsor & REITs Day

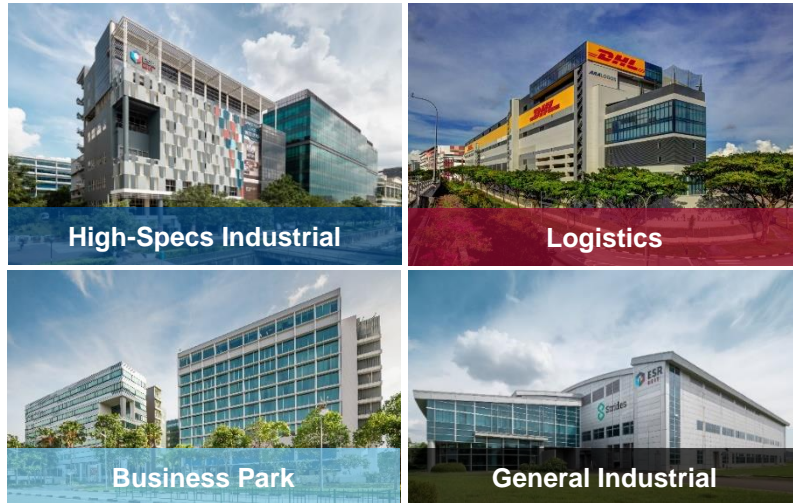
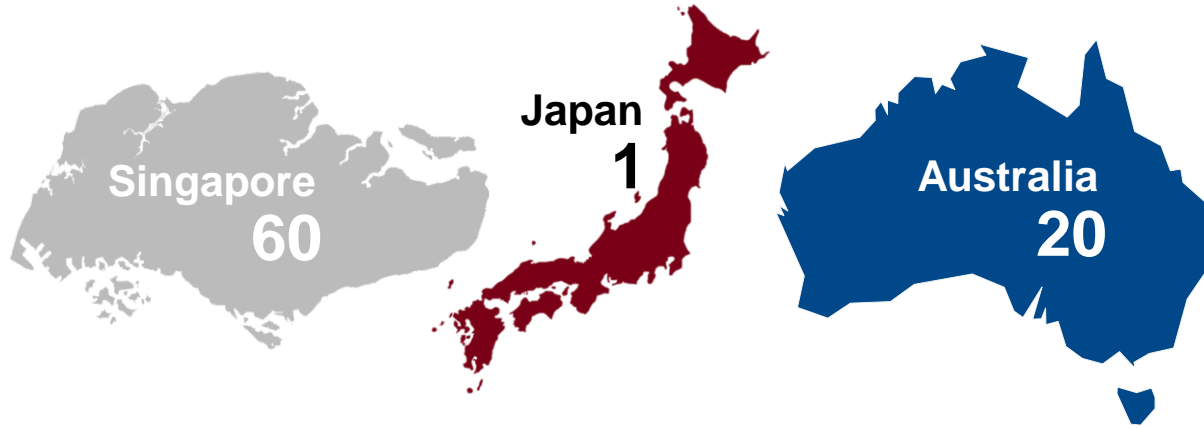
Presentation by ESR-LOGOS REIT

27 June 2023



# Future-Ready APAC Industrial S-REIT

Portfolio of Quality Diversified Assets across Key Gateway Markets



**Portfolio**  
81 Properties



**Investments**  
3 Property Funds



**Total Assets**  
S\$5.6 billion

**AUM<sup>(1)</sup>**  
S\$5.0 billion



**Total Gross Floor Area**  
2.3 million sqm



**Portfolio Occupancy**  
92.1%



**Weighted Average Lease Expiry**  
3.2 years



**Proportion of New Economy Assets**  
63.0%



**ESG Targets**  
GRESB submission

# 1Q2023 Key Highlights

## Financial Updates



Gross Revenue  
**S\$97.7m<sup>(1)</sup>**  
+63.9% y-o-y

Net Property Income (“NPI”)  
**S\$70.4m<sup>(1)</sup>**  
+78.2% y-o-y

NAV per Unit  
**34.8 cents<sup>(2)</sup>**  
(1Q2022: 40.1 cents)

## Portfolio Updates



Positive Rental Reversion  
**+7.3%**  
(1Q2022: +3.1%)

High Occupancy Rate  
**92.1%**  
(1Q2022: 91.5%)

Significant New Economy Exposure  
**63.0%**  
(1Q2022: 42.2%)

Divestment  
**Pandan Logistics Hub**

## Capital Management



Equity Fund Raising<sup>(3)</sup>  
**S\$150.0m Private Placement 3.0x subscribed**  
**S\$150.0m Preferential Offering fully backstopped by Sponsor**

Perpetual Securities  
**Redemption of S\$100.0m ALOG Perpetual Securities**

Gearing  
**41.6% as at 31 March 2023**  
**c.33.6%<sup>(4)</sup> upon completion of announced divestments<sup>(5)</sup>**

High Proportion of Fixed Rate Debt  
**72.7%**  
(FY2022: 72.0%)

Cost of Debt  
**3.95% per annum**  
(FY2022: 3.66%)

**Additionally, on 23 June 2023, E-LOG announced the divestment of 7 non-core assets for \$337.0m<sup>(5)</sup>**

*(more details in the following slides)*

# ESR-LOGOS REIT's Strategy & Key Investment Highlights

1

## Rejuvenate E-LOG's Asset Portfolio

Pivoting Towards New Economy and Future-Ready Assets, Riding on Structural Economic Growth Trends



2

## Recycle Capital

Divestments of Non-Core Assets Unlock Value and Allows E-LOG to Recycle its Capital towards New Economy Assets



3

## Recapitalise for Growth

Strengthen E-LOG's Financial Strength to Capitalise on Organic Growth and Investment Opportunities



4

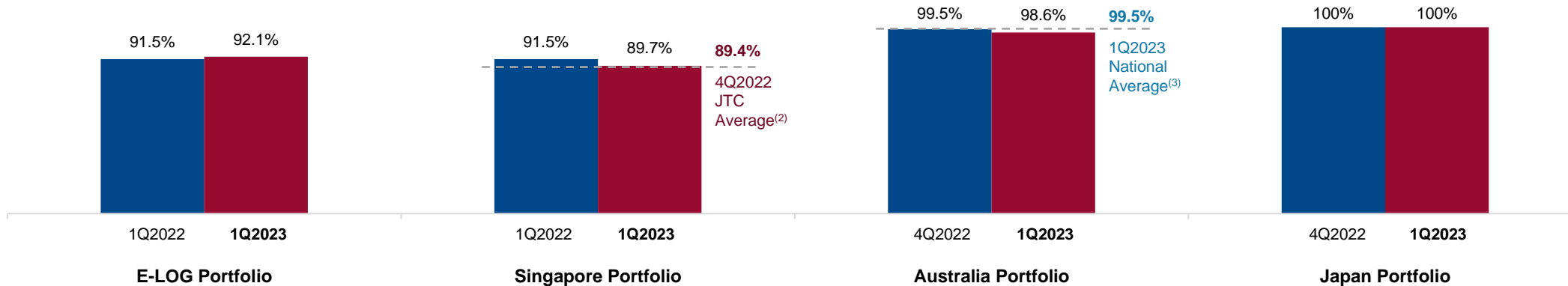
## Reinforce Sponsor's Commitment

Visible and Executable Asset Pipeline from Sponsor

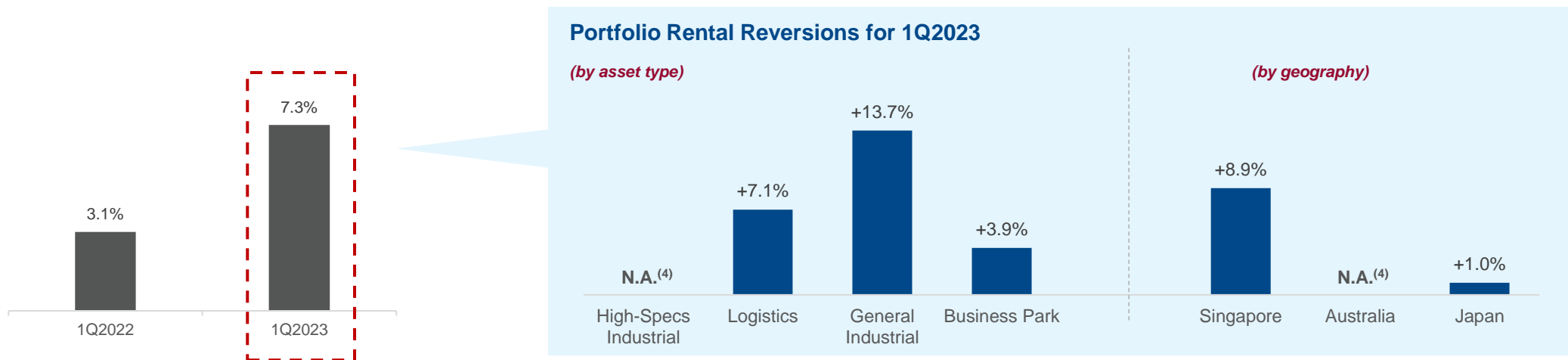


# 1 Sustainable Demand and Continued Tight Supply Driving Positive Rent Reversion with Room for Occupancy Growth

Stabilised Occupancy<sup>(1)</sup> Consistently Above Industry Average



Portfolio Recorded +7.3% Positive Rental Reversions in 1Q2023



...with Logistics Segment Continuing to Demonstrate Rental Upside

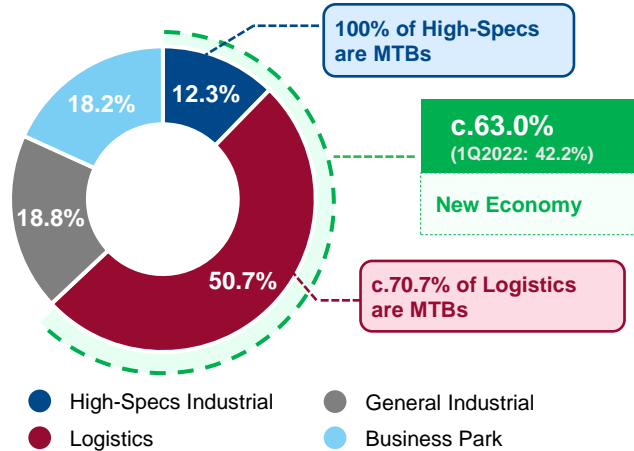


# 1 Given Positive Sector Demand and Supply Dynamics, Logistics Segment Is Expected to Continue Driving Positive Rent Reversions

## E-LOG Asset Class Breakdown

(by Rental Income)

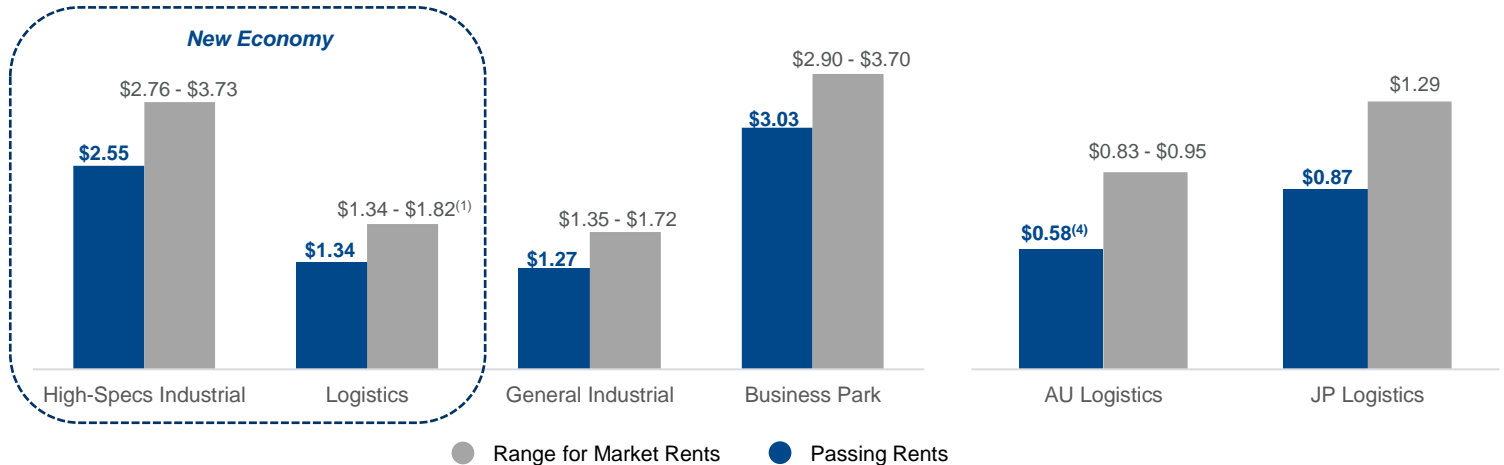
63.0% of portfolio in New Economy sectors, with majority being multi-tenanted leases



## Passing Rents<sup>(2)</sup> vs Market Rents<sup>(3)</sup>

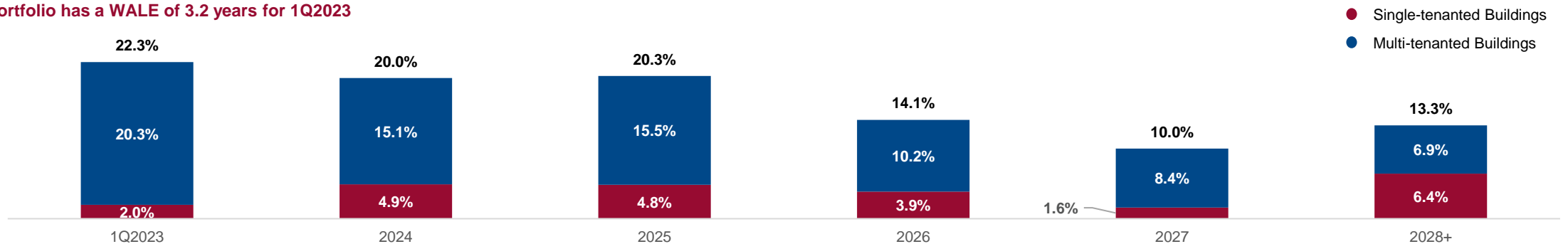
(in S\$psfpm)

All of portfolio passing rents are below market, signalling potential positive reversions for upcoming expiries



## Lease Expiry Profile

Portfolio has a WALE of 3.2 years for 1Q2023



# 1 Portfolio Rejuvenation Through Ongoing Redevelopments and Asset Enhancement Initiatives

- Ongoing redevelopments and AEs present immediate organic growth opportunities

	Sector	Property	Completion Date	% Completed <sup>(1)</sup>	Estimated Cost	Illustrative Yield on Cost
In progress	High-Specs Industrial	7002 Ang Mo Kio Avenue 5	3Q2023	c.40%	c.S\$53.3m <sup>(2)</sup>	c. 7.1%
	High-Specs Industrial	16 Tai Seng Street	1Q2024	c.9%	c.S\$32.0m <sup>(3)</sup>	c. 6.0%
	General Industrial	21B Senoko Loop	1Q2024	c.26%	c.S\$38.5m	c. 6.6%
Heads of Agreement Signed	Logistics	2 Fishery Port Road <ul style="list-style-type: none"> <li>▪ Redevelopment of ramp-up modern cold storage facility</li> <li>▪ Non-binding Heads of Agreement signed with a master tenant</li> </ul>	29 months construction period	<ul style="list-style-type: none"> <li>• Tender for construction works called</li> <li>• Expected start of construction in 4Q2023</li> </ul>	c.S\$240.0m	c. 7.0%



- Strong and established AEI track record as part of active asset management

## Redevelopments and AEs Completed since 2021



ESR BizPark @ Changi



19 Tai Seng



Commodity Hub



Changi DistriCentre 1



53 Peregrine Drive

- ✓ Delivered 6.0% – 8.0% yield on cost from completed developments and AEs
- ✓ Redevelop older-specs assets into modern and future-ready properties
- ✓ Repurpose and rejuvenate dated assets to suit the demands of the New Economy
- ✓ Development of unutilized plot ratio

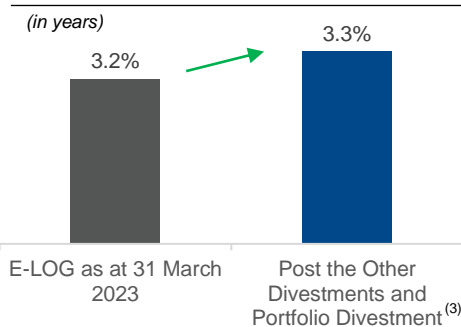
## 2 Recycle Capital Through Divestments of Non-Core Assets, Reducing Gearing for Capital Redeployment

- Announced divestments of seven non-core assets aggregating S\$337.0 million<sup>(1)</sup> on 23 June 2023
- Achieved significant milestone in Capital Recycling and Asset Rejuvenation Strategy, with gearing reducing to 33.6%<sup>(2)</sup>

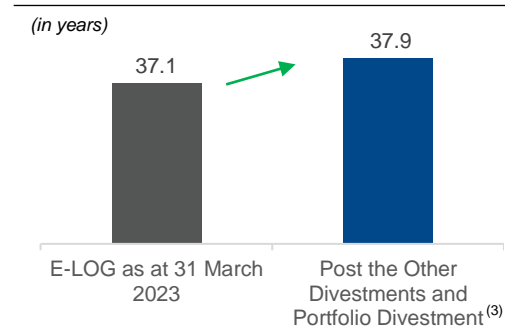
Asset	3 Pioneer Sector 3	4 & 6 Clementi Loop	6 Chin Bee Avenue	21 Changi North Way	30 Toh Guan Road	22 Chin Bee Drive	51 Musgrave Road, Australia	Total
Sale Price (S\$m)	95.0	37.6	93.0	30.1	57.8	13.8	9.7 (A\$10.8m)	337.0
Premium / (Discount) to Valuation	(5.1%) Portfolio Sale					6.2%	2.4%	(4.5%)
Remaining Land Lease (years)	25.7 Weighted Average					12.4	Freehold	27.2 (average)
Expected Completion	3Q2023	4Q2023	4Q2023	3Q2023	3Q2023	3Q2023	3Q2023	-

### Additionally uplifts portfolio quality...

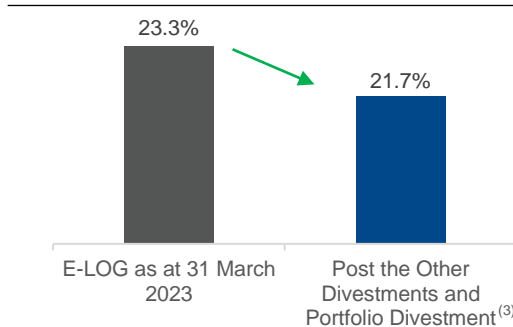
#### Weighted Average Lease Expiry



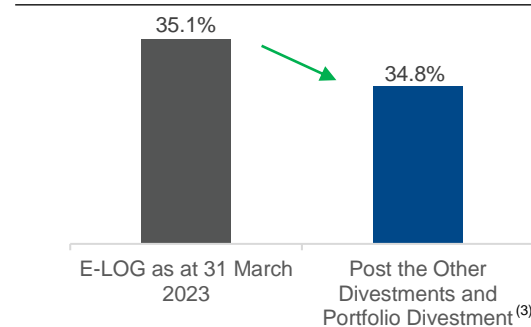
#### Weighted Average Land Lease Remaining



#### STB Proportion of E-LOG's Portfolio



#### Contribution of Top 15 Tenants

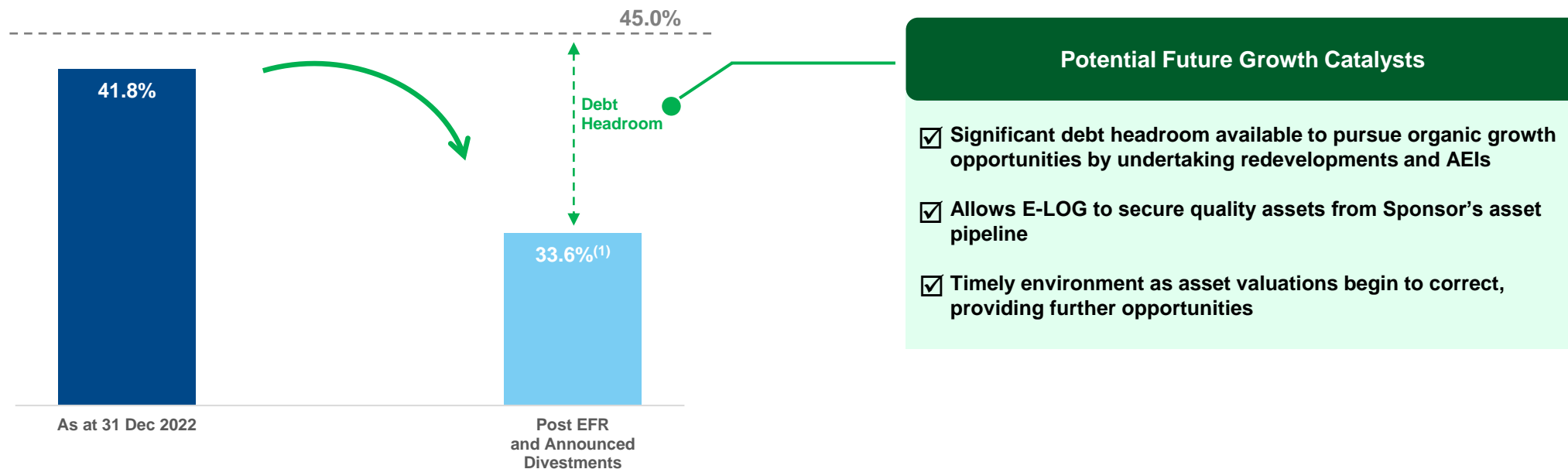




# 3 Prudent Capital Management with Significant Debt Headroom Prepares ELOG for Future Growth Catalysts

E-LOG's *proforma* aggregate leverage will reduce to 33.6%<sup>(1)</sup>, providing significant debt headroom post completion of the announced divestments<sup>(2)</sup>

## Pro Forma Aggregate Leverage



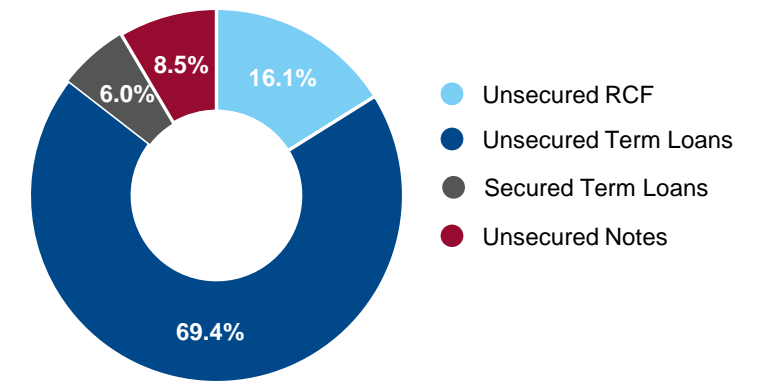
# 3 Prudent Capital Management

- ✓ Debt to Total Assets<sup>(1)</sup> (Gearing) at **41.6%** as at 31 March 2023
  - Pro forma gearing will be reduced to **c.33.6%**<sup>(2)</sup> upon completion of announced divestments
- ✓ **72.7%** of interest rate exposure fixed for 2.1 years
  - Sufficiently hedged with allowance for further hedging should favourable opportunities arise
- ✓ Completed Equity Fund Raising<sup>(3)</sup> to raise proceeds of up to S\$300.0m
  - Completed S\$150.0m Private Placement that was 3.0x subscribed; two-thirds allocated to quality long-only institutional investors, real estate specialists and existing investors
  - S\$150.0m Preferential Offering fully backstopped by Sponsor, completed on 28 April 2023

	As at 31 Mar 2023	As at 31 Dec 2022
Total Gross Debt (S\$ million)	2,062.7	2,093.0
Debt to Total Assets (%) <sup>(1)</sup>	41.6	41.8
Weighted Average All-in Cost of Debt (%) p.a.	3.95	3.66
Weighted Average Debt Expiry ("WADE") (years)	2.7	2.9
MAS Adjusted ICR (times)	2.7	2.8
Fixed Interest Rate Exposure (%)	72.7	72.0
Proportion of Unencumbered Investment Properties (%)	96.0	96.0
Debt Headroom (S\$ million) <sup>(4)</sup>	859.5	858.8

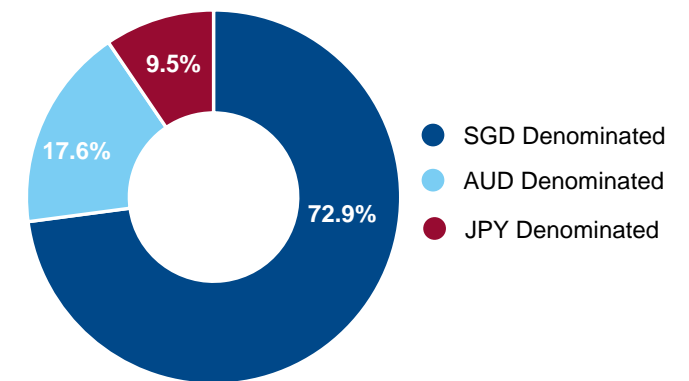
## Debt Breakdown – By Type

Total Debt of S\$2,062.7 million



## Debt Breakdown – By Currency

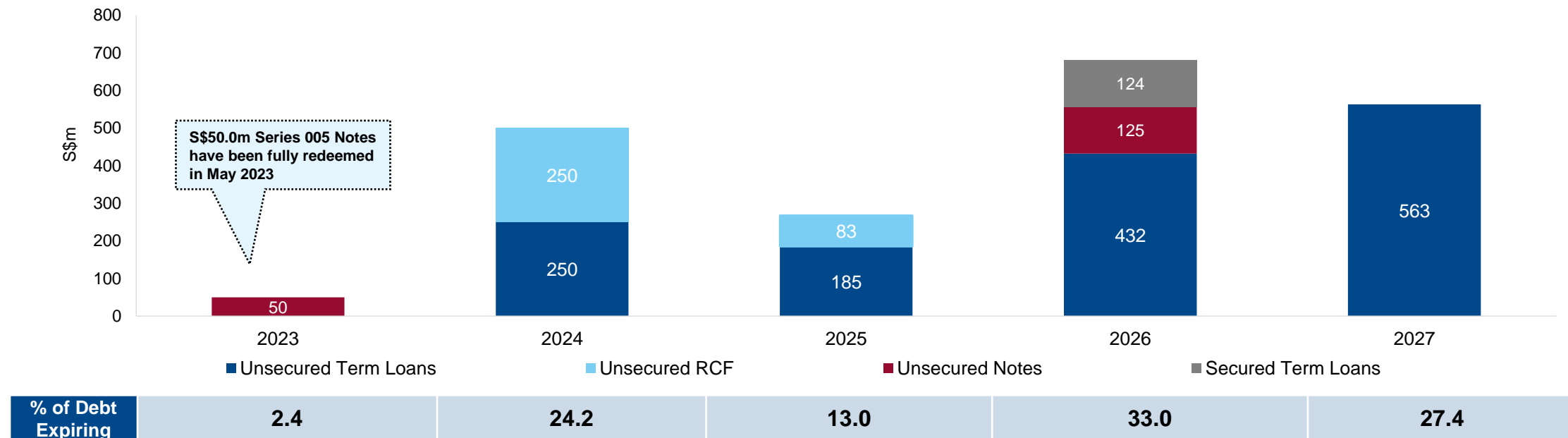
Total Debt of S\$2,062.7 million



### 3 Proactive Debt Management with a Well-Staggered Debt Maturity Profile

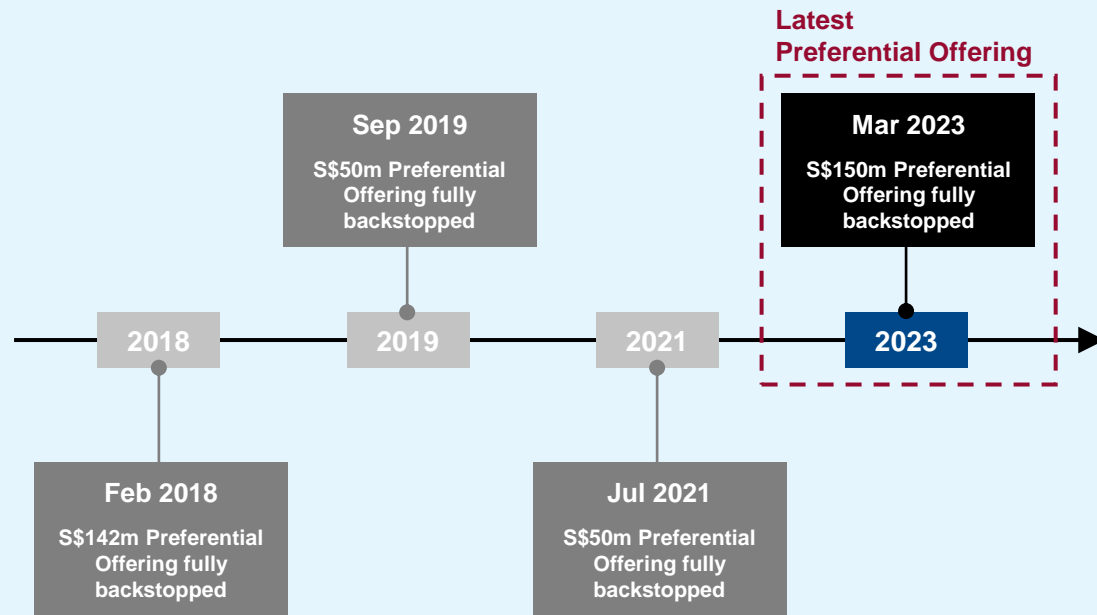
- ✓ No further refinancing requirements in FY2023
- ✓ E-LOG has S\$160.6m of committed undrawn revolving credit facilities (“RCF”) available for refinancing
- ✓ E-LOG remains well-supported by 10 lending banks

Debt Maturity Profile as at 31 March 2023



# 4 E-LOG is Backed by a Strong and Committed Sponsor, ESR Group

Since becoming E-LOG's Sponsor in 2017, ESR Group has backstopped 100% of all preferential offerings by E-LOG...



...which in total would be approximately S\$392m

- ✓ E-LOG is sponsored by ESR Group Limited, **APAC's number one real asset manager** and the **third largest listed real estate investment manager globally<sup>(1)</sup>** with **c.US\$150bn** in gross assets under management
- ✓ Backstop of preferential offering showcases the Sponsor's **continual effort** in supporting the REIT and **reinforcing their commitment** to the REIT's growth trajectory over the long haul
- ✓ ESR Group's substantial stake of **c.15.8%** in the REIT provides for **alignment of interest**
- ✓ E-LOG continues to **enjoy access** to ESR Group's New Economy pipeline, and leverages its capabilities and network to expand into countries where ESR Group has an established presence

### Key Acquisition Criteria:

- ✓ High Quality New Economy Assets
- ✓ Scalable Markets and in Developed Countries
- ✓ Leverage ESR Group's real estate platform and local expertise

### Illustrative Potential Sponsor Asset Pipeline:

 	 	 	 
<ul style="list-style-type: none"> <li>• GFA: 252,700 sqm</li> <li>• &gt;90% Occupancy</li> <li>• Multi-tenanted</li> <li>• &gt;30yrs Land Tenure</li> </ul>	<ul style="list-style-type: none"> <li>• GFA: 120,000 sqm</li> <li>• 100% Occupancy (Ph1)</li> <li>• Multi-tenanted</li> <li>• &gt;30yrs Land Tenure</li> </ul>	<ul style="list-style-type: none"> <li>• GFA: 45,600 sqm</li> <li>• 100% Occupancy</li> <li>• Multi-tenanted</li> <li>• &gt;27yrs Land Tenure</li> </ul>	<ul style="list-style-type: none"> <li>• Greater Tokyo &amp; Osaka</li> <li>• 4 Stabilised Assets</li> <li>• 100% Occupancy</li> <li>• Freehold Land Tenure</li> </ul>

# Conclusion



## Rejuvenate Asset Portfolio

- Three on-going AEs with yield on cost of 6.0% - 7.1%
- c.\$240.0m redevelopment of cold storage facility with non-binding Heads of Agreement signed with a master tenant



## Recycle Capital

- Announced proposed divestment of S\$337.0m of non-core assets with short remaining land lease of 25.7 years
- Expected to be completed in 2H2023



## Recapitalise For Growth

- Proforma gearing reduced to 33.6% post divestments
- Provides strong balance sheet position amidst confirmed rising interest rate environment and recessionary fears
- 72.7% of debt on fixed interest rates for 2.1 years
- Increased debt headroom allows Manager to pursue growth opportunities



- S\$150m Fully Backstopped Preferential Offering launched in Mar 2023
- Visible and Executable Asset Pipeline from Sponsor

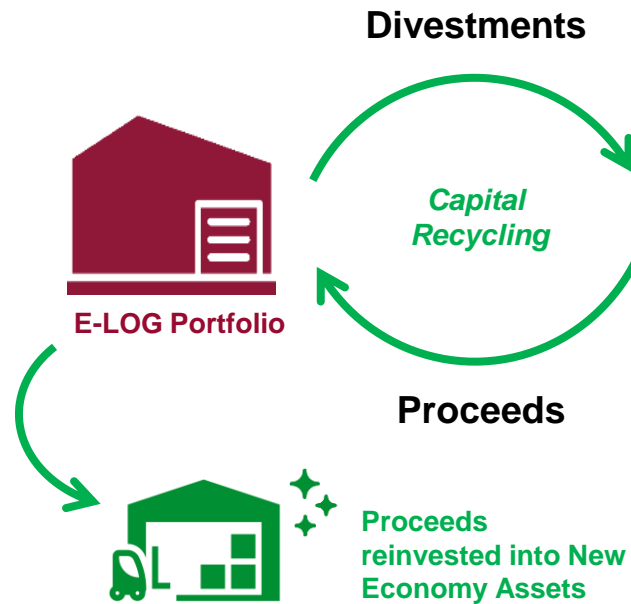
## Reinforce Sponsor Commitment



# Appendix



# Recycle Capital through Divestments of Non-Core Assets to Unlock Value for Unitholders – Precedent Divestments



**Successfully divested c.S\$ 215 million of assets at average 9.2% premium to fair value since 2021<sup>(1)</sup>**

Asset	11 Serangoon North Ave 5 & 3C Toh Guan Road East	45 Changi South Ave 2	28 Senoko Drive	3 Sanitarium Drive	Pandan Logistics Hub	2 Jalan Kilang Barat	70 Seletar Aerospace View <sup>(2)</sup>
Premium / (Discount) to Fair Value	5.0%	7.8%	(8.4%)	18.5%	15.1%	21.7%	4.8%
Date Announced	Apr 2021	Aug 2021	Jan 2022	May 2022	Jul 2022	Sep 2022	Dec 2022
Sale Price (S\$m)	53.0	11.0	12.0	53.4	43.5	35.3	7.1
Asset Type	General Industrial / Logistics	General Industrial	General Industrial	Logistics	Logistics	High-Specs	General Industrial

**Average 9.2%**

# Glossary

**E-LOG:** ESR-LOGOS REIT

**ALOG:** ALOG Trust

**ESR Group or the Sponsor:** ESR Group Limited

## Definitions:

- **AUM:** refers to the total value of investment properties (excluding right of use of leasehold land), investments in joint venture and property funds
- **Effective Gross Rents:** effective rents take into account rent-free periods and rental escalation as the total rent payable for the lease period would be less than what is reported for passing rents
- **Gross Rents:** contracted rent
- **New Economy:** refers to logistics and high-specs industrial sectors
- **Portfolio Occupancy:** excludes properties under development
- **Passing Rents:** rent payable as stipulated in the lease agreement. These rates are usually quoted on gross basis
- **Rental Reversion:** a metric captured by some REITs to show whether new leases signed have higher or lower rental rates than before. Based on average gross rent
- **Weighted Average Lease Expiry:** a metric used to measure the tenancy risk of a particular property. It is typically measured across all tenants' remaining lease in years and is weighted with either the tenants' occupied area or the tenants' income against the total combined area or income of the other tenants

## Abbreviations:

**AEI:** asset enhancement initiatives

**APAC:** Asia Pacific

**AUM:** assets under management

**Bn or b:** billion

**CAGR:** compounded annual growth rate

**DPU:** Distribution per Unit

**GDP:** gross domestic product

**ESG:** economic, social, governance

**GFA:** gross floor area

**GRI:** gross rental income

**GRESB:** global real estate sustainability benchmarks

**JTC:** JTC Corporation

**m:** million

**NAV:** net asset value

**NLA:** net lettable area

**psfpm:** per square foot per month

**psf:** per square foot

**REIT:** real estate investment trust

**sqm:** square metre

**TOP:** temporary permit occupation

**WALE:** weighted average lease expiry

**y-o-y:** year on year

# Important Notice

## Important Notice

The value of units in ESR-LOGOS REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of ESR-LOGOS Funds Management (S) Limited ("**Manager**"), Perpetual (Asia) Limited (in its capacity as trustee of ESR-LOGOS REIT) ("**Trustee**"), or any of their respective related corporations and affiliates (individually and collectively "**Affiliates**"). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-LOGOS REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-LOGOS REIT, any particular rate of return from investing in ESR-LOGOS REIT, or any taxation consequences of an investment in ESR-LOGOS REIT. Any indication of ESR-LOGOS REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-LOGOS REIT's future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This presentation is for informational purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-LOGOS REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.



## For enquiries, please contact:

### Lyn Ong

Senior Manager,  
Capital Markets and Investor Relations

Tel: +65 6222 3339

Email: [lyn.ong@esr-logosreit.com.sg](mailto:lyn.ong@esr-logosreit.com.sg)

### Sua Xiu Kai

Assistant Manager,  
Corporate Communications

Tel: +65 6222 3339

Email: [xiukai.sua@esr-logosreit.com.sg](mailto:xiukai.sua@esr-logosreit.com.sg)

