

# Interim Business Update

3Q2023



# Financial Discipline and Prudent Actions YTD Resulted in Resilient Position, and Achieving First Phase of 4R Strategy in <12 Months

## What E-LOG Delivered YTD 3Q2023...

### 1 Achieved Higher Rental Reversions While Managing Costs

11.4%  
3Q2022

13.5%  
3Q2023

Resulted in positive rent reversions of **+13.5%**

**90%**  
of utilities costs on *pass through* basis

**99%**  
consistently *high rental collections* ensure cashflow stability

### 2 Announced and/or Completed S\$433.5m Divestments YTD 3Q2023

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

E-LOG Portfolio

Capital Recycling

S\$433.5 million Divestments in YTD 3Q2023

Proceeds to be reinvested into New Economy Assets/Redevelopments and AEs

37.7%  
3Q2023

35.3%  
Proforma 3Q2023

Pro Forma 3Q2023 Gearing will reduce to **35.3%<sup>(1)</sup>**

### 3 Refinanced All FY2023 Debt and some FY2024 Debt

**3.93%**  
Stable All in Cost of debt (3Q2023)

**81.2%**  
fixed rate hedges (3Q2023)

No Refinancing Requirements in FY2023 as Divestment Proceeds was Used to Repay Debt

Debt Maturity Profile as at 30 September 2023

### 4 Completed AEs On Time and On Target

7002 Ang Mo Kio Avenue 5 AEI Attains TOP Milestone within Expected Costs

**c. 50%**  
Occupancy Achieved on TOP

**c. 7.1%**  
Illustrative Yield on Cost

...Has Contributed to E-LOG's Resilient Financial Position

# E-LOG Snapshot:

## Strong and Resilient Financial and Operating Position

### Resilient Financial Position

- 1 Low Gearing at 37.7%**  
*Expected to **reduce to 35.3%**<sup>(1)</sup> assuming divestments proceeds used to repay debt*
- 2 High 81.2% Proportion of Fixed Interest Debt for 1.4 years**  
*Hedges against adverse DPU impact from interest rate volatility while providing flexibility to enjoy lower interest costs when interest rates subsides*
- 3 Low Refinancing Risk**  
*Refinanced all FY2023 expiring debt with c.11.9%<sup>(1)</sup> of debt expiring in 2024 post repayment of debt with divestment proceeds*
- 4 No Resetting of PERP “coupon” Until 2027: Redemption at E-LOG’s Discretion**  
*No PERP callable or coupon resetting till 2027; Redeemable at E-LOG’s discretion*
- 5 Significant Unsecured Portfolio Reduces REIT Risk**  
*97.0% unsecured portfolio allows flexibility for REIT to mortgage assets to secure loans if macroenvironment sentiments worsen and banks’ liquidity tightens*

### Strong Operating Metrics

- 1 Positive Rent Reversion of +13.5% (3Q2023) Across All Sectors**  
*Logistics sector expected to continue with its strong performance given favorable demand-supply dynamics over the next 3 years*
- 2 Consistently High Rental Collections at 98.7%**  
*Ensuring stability of cashflow*
- 3 Stable Occupancy at 90.3%<sup>(2)</sup>**  
*With room for occupancy growth*
- 4 Completed 7002AMK AEI Increases Rental Contribution**  
*Completed AEI with secured c.50% occupancy*
- 5 AEIs On Track for Completion**  
*Completion over next 3 quarters*

# 4R Strategy Positions E-LOG for Next Growth Phase: To Continue Upscaling Portfolio Quality and Rejuvenation



## Reinforce Sponsor Commitment

- ✓ Sponsor is APAC's leading real asset manager with Total AUM of c.US\$147.0bn<sup>(1)</sup> and strong liquidity with US\$3.0bn<sup>(1)</sup> of cash and loan drawdown available
- ✓ Strong Sponsor Commitment demonstrated in S\$150m Fully Backstopped Preferential Offering launched in March 2023
- ✓ Visible and Executable Asset Pipeline from Sponsor
  - Comprises future-ready modern logistics assets with freehold or long land lease tenor



## Recycle Capital

- ✓ Planned divestments of up to S\$450m of non-core assets in FY2023
  - Of which, S\$433.5m<sup>(3)</sup> announced and/or completed



## Rejuvenate Asset Portfolio

- ✓ 7002 Ang Mo Kio Avenue 5, TOP Date: 8 Sep 2023; c.50.0% committed occupancy
- ✓ 16 Tai Seng Street, Target TOP Date: 2Q2024
- ✓ 21B Senoko Loop, Target TOP Date: 1Q2024



## Recapitalise For Growth

- ✓ Low Gearing at 35.3%<sup>(2)</sup> upon completion of announced divestments
- ✓ Increased debt headroom allows for growth opportunities



# Resilient Balance Sheet Enables E-LOG to Ride Out the Expected Higher-for-Longer Interest Rate Environment

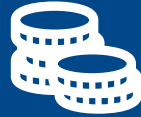
As such, E-LOG is positioned for future growth when interest rate, economic and market uncertainties abate

## Expectations and Outlook

|   |  |
|---|--|
| <p><b>Rental Reversion and Operating Expenses Outlook</b></p> | <ul style="list-style-type: none"> <li>Rental reversion for FY2023 is <b><u>expected to be around FY2022 reversion level</u></b></li> <li>Logistics segment expected to continue driving the positive rent reversions given <b><u>favorable demand-supply dynamics</u></b></li> <li>NPI margin expected to <b><u>remain stable around c.70.0%</u></b><sup>(1)</sup></li> </ul>   |
| <p><b>Interest Costs and Hedging Impact</b></p>               | <ul style="list-style-type: none"> <li><b><u>81.2%</u></b> of debt are on a <b><u>fixed rate</u></b> basis</li> <li>50 bps increase in interest rate on variable debt expected to result in the pro forma 1H2023 distributable income to decline by S\$0.8 million (or 0.8% of 1H2023's distributable income)</li> </ul>   |
| <p><b>Valuation Outlook</b></p>                               | <ul style="list-style-type: none"> <li><b><u>Continued strong growth in market rents</u></b> for New Economy assets expected to <b><u>mitigate the valuation impact</u></b> of any capitalisation rate expansion or discount rate increases</li> <li>Portfolio valuations will however be weighed down by decay in value of short land lease properties             <ul style="list-style-type: none"> <li>➤ <b><u>c.7.6% (S\$333.3 million)</u></b> of the portfolio<sup>(2)</sup> have land leases that are equal or &lt;10 years</li> </ul> </li> </ul> |
| <p><b>Gearing Outlook</b></p>                                 | <ul style="list-style-type: none"> <li>Pro forma gearing of <b><u>35.3%</u></b><sup>(3)</sup> as at 30 September 2023</li> <li>Debt headroom provides E-LOG adequate funding to continue rejuvenating our portfolio towards modern New Economy assets via <b><u>asset rejuvenation (AEIs and Redevelopments)</u></b> and <b><u>potential acquisition opportunities</u></b></li> </ul>  |

# YTD 3Q2023 Key Highlights

## Financial Updates



Gross Revenue  
**S\$290.7 million**  
+19.2% y-o-y

Net Property Income ("NPI")  
**S\$206.1 million**  
+19.4% y-o-y

NAV per Unit  
**33.1 cents**  
(31 December 2022: 36.4 cents)

## Portfolio Updates



Positive Rental Reversion  
**3Q2023 = +13.5%**  
(YTD 3Q2023 = +12.0%)  
(3Q2022: +11.4%)

High Occupancy Rate  
**90.3%<sup>(1)</sup>**  
(3Q2022: 92.4%)

Significant New Economy Exposure  
**63.1%**  
(3Q2022: 62.5%)

Divestments  
▪ Completed c.\$380m<sup>(2)</sup> of divestments year-to-date consisting of 8 assets

AEI & Leasing Updates  
▪ 7002 Ang Mo Kio Ave 5 attains TOP and achieved c.50% occupancy

## Capital Management



Gearing  
**37.7%** as at 30 September 2023  
▪ c.35.3%<sup>(3)</sup> upon completion of announced divestments

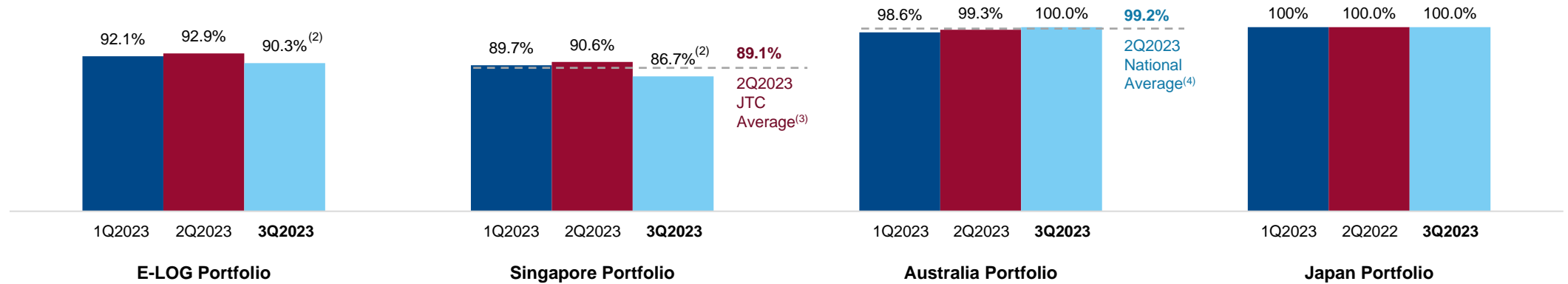
Interest Rate Exposure Hedged  
**81.2%** on fixed rates for 1.4 years  
(31 December 2022: 72.0%)

Cost of Debt  
**3.93%** per annum  
(31 December 2022: 3.66%)

All Debt Expiring in FY2023 Refinanced

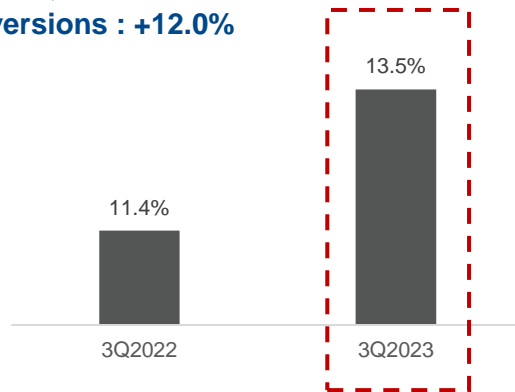
# Sustainable Demand and Continued Tight Supply Driving Positive Rental Reversions with Room for Occupancy Growth

## Stabilised Occupancy<sup>(1)</sup>



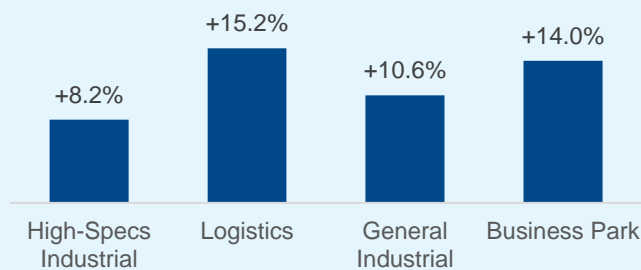
## Portfolio Recorded +13.5% Positive Rental Reversions in 3Q2023

YTD 3Q2023 Rental Reversions : +12.0%

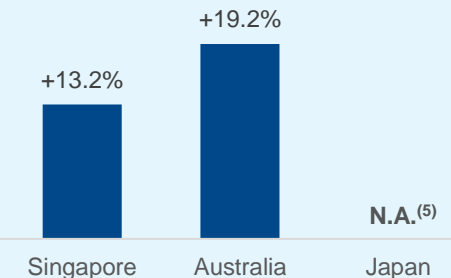


### Portfolio Rental Reversions for 3Q2023

(by asset type)



(by geography)



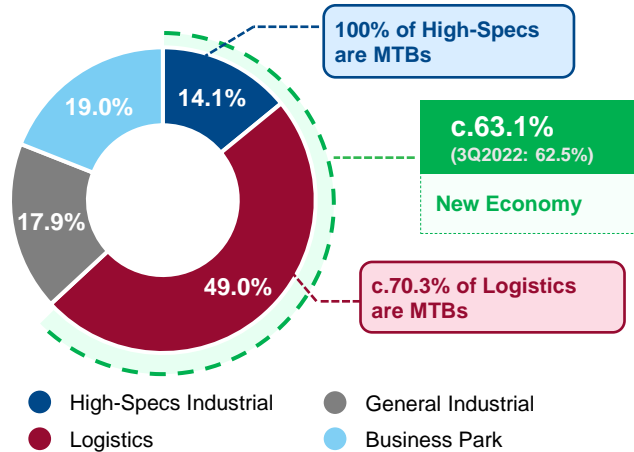
...with Logistics segment continue driving rental upside.

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

## E-LOG Asset Class Breakdown

(by Rental Income)

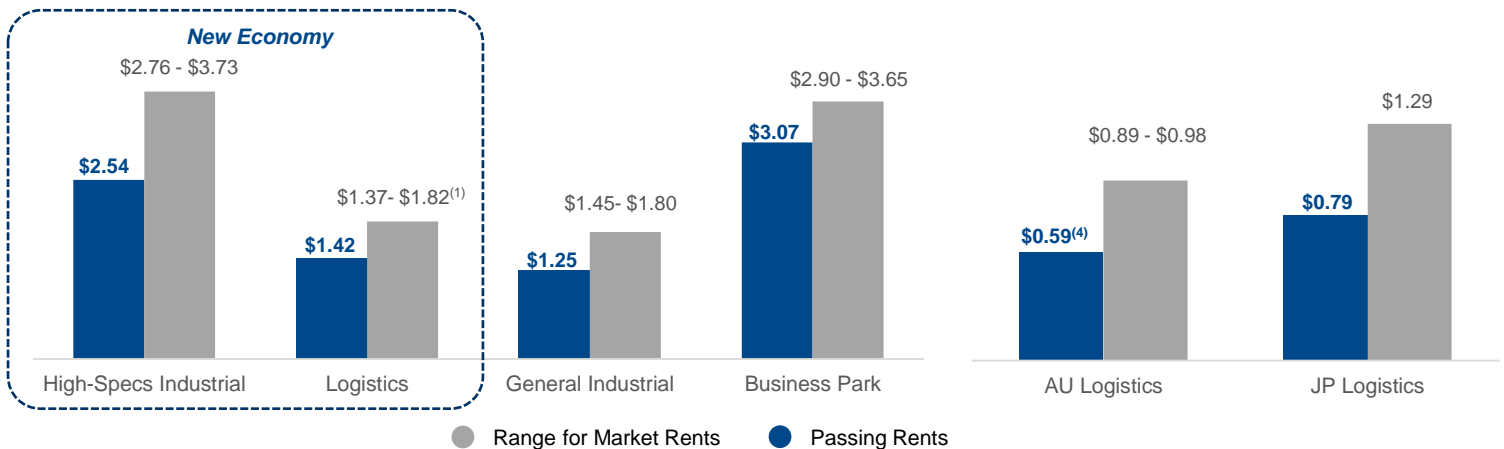
63.1% of portfolio in New Economy sectors, with majority being multi-tenanted buildings



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

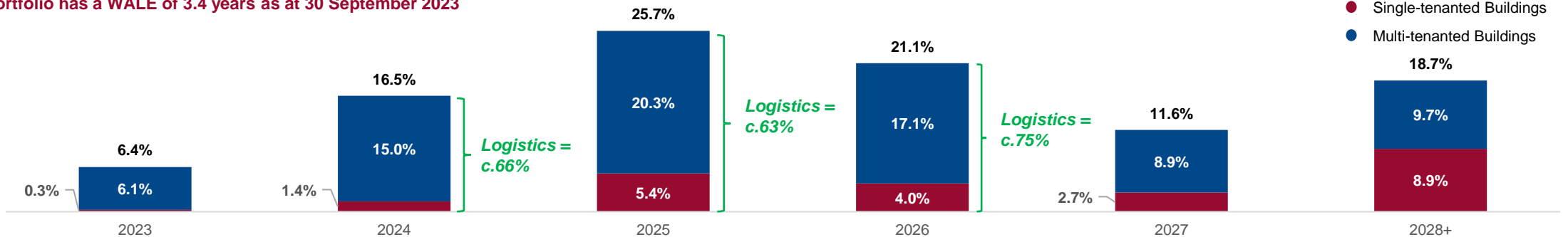
(in S\$psfpm)

All of portfolio passing rents are below or at lower bound of market rents, signalling potential positive rental reversions for upcoming expiries



## Lease Expiry Profile

Portfolio has a WALE of 3.4 years as at 30 September 2023



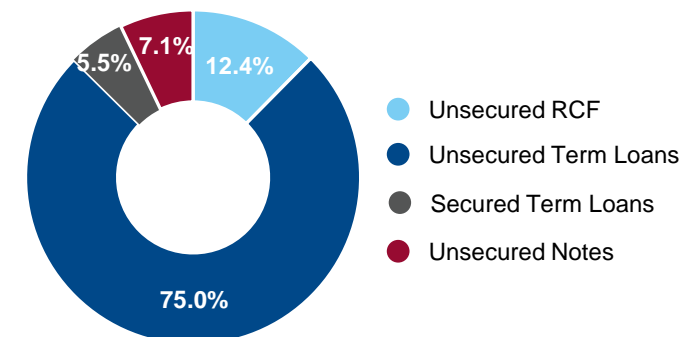


# Prudent Capital Management with Low Gearing

- ✓ **Low Gearing** (Debt to Total Assets)<sup>(1)</sup> at **37.7%**
  - Pro forma gearing will be reduced to c.35.3%<sup>(2)</sup> upon completion of announced divestments
- ✓ **Low refinancing risk:** All expiring FY2023 debt has been refinanced
  - With only c.11.9%<sup>(2)</sup> of debt expiring in 2024 post debt repayment with divestment proceeds
- ✓ **High 81.2% fixed interest rate** exposure for 1.4 years
  - Sufficiently hedged with flexibility to enjoy lower debt costs when interest rates subsides
- ✓ **No Perpetual Security coupon resetting or refinancing requirements** until 2027
  - Series 006 (S\$150 million): Coupon rate of 6.632% - **redeemable at E-LOG's discretion** on every semi-annual distribution date until November 2027
  - Series 008 (S\$150 million): Coupon rate of 5.500% - **redeemable at E-LOG's discretion** on first call date in June 2027

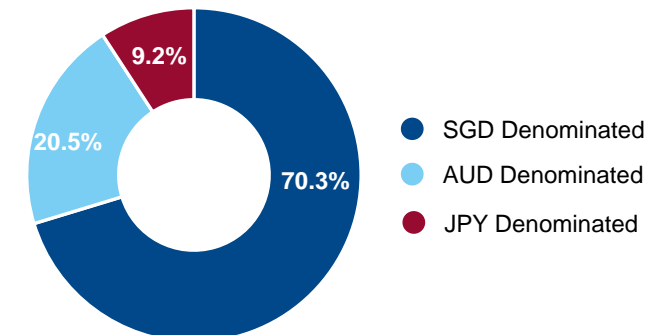
## Debt Breakdown – By Type

Total Debt of S\$1,762.4 million



## Debt Breakdown – By Currency

Total Debt of S\$1,762.4 million

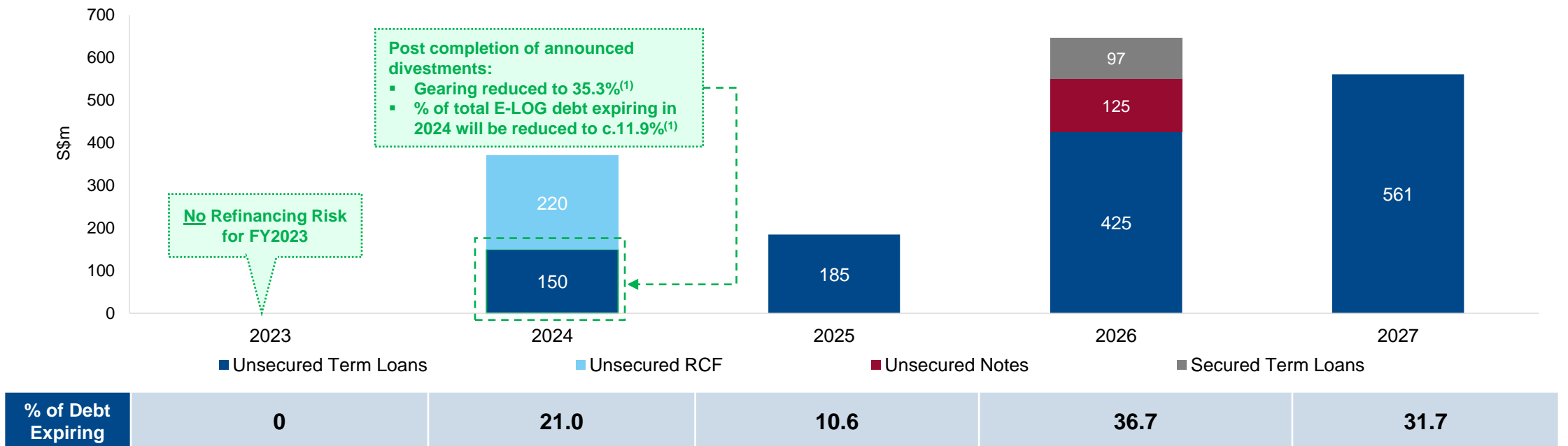


|  | As at<br>30 Sep 2023 | As at<br>31 Dec 2022 |
|--|----------------------|----------------------|
| Total Gross Debt (S\$ million)                       | 1,762.4              | 2,093.0              |
| Debt to Total Assets (%) <sup>(1)</sup>              | 37.7                 | 41.8                 |
| Weighted Average All-in Cost of Debt (%) p.a.        | 3.93                 | 3.66                 |
| Weighted Average Debt Expiry ("WADE") (years)        | 2.4                  | 2.9                  |
| MAS Adjusted Interest Coverage Ratio (times)         | 2.4                  | 2.8                  |
| Fixed Interest Rate Exposure (%)                     | 81.2                 | 72.0                 |
| Proportion of Unencumbered Investment Properties (%) | 97.0                 | 96.0                 |
| Debt Headroom (S\$ million) <sup>(3)</sup>           | 641.5                | 305.0                |

# Proactive Debt Management with No Refinancing Risk

- ✓ **Well-spread out** debt expiry profile with WADE of 2.4 years
- ✓ Post completion of announced divestments, **a significant amount of FY2024 expiring debt will be repaid**, reducing pro forma gearing to **35.3%**<sup>(1)</sup>
- ✓ E-LOG has **c.S\$274.0m of committed undrawn revolving credit facilities (“RCF”)** available
- ✓ E-LOG remains **well-supported by 10 lending banks** with strong support for refinancing

## Debt Maturity Profile as at 30 September 2023

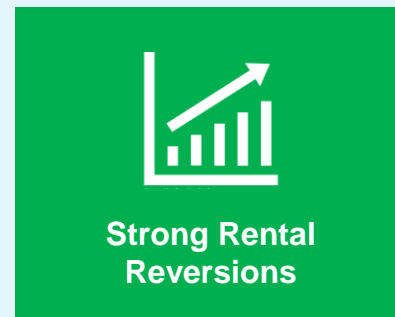
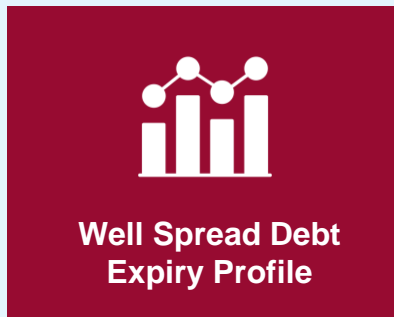
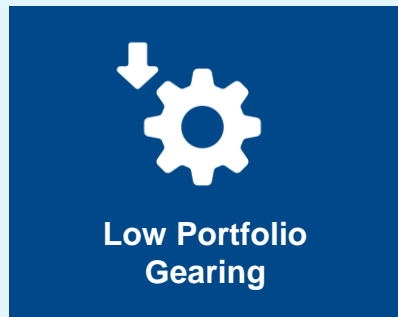


# Market Outlook

## Market Outlook, Expectations and Concerns

- 1 Markets expect core inflation to persist despite aggressive interest rate rises across various major economies
- 2 Market is concerned that asset valuations will be negatively impacted by both capitalisation rates & discount rates expansion
- 3 Market anxieties towards “higher-for-longer” interest rates and strength of the Singapore Dollar continue to be key risks in 2023 and 2024, negatively impacting REIT’s gearing, NAV and DPU

However, E-LOG’s is able to withstand the “higher-for-longer” interest rate environment due to...



*(Continued favorable demand-supply outlook in Logistics)*

....while positioning E-LOG for future upside when macro concerns subside

# ESG Targets and Initiatives that are Material, Measurable and Ambitious

- The Board is committed to further integrate ESG practices into our strategy and business decisions to deliver stable long-term returns
- E-LOG conducted a systematic review to validate and update our ESG material topics and targets<sup>(1)</sup>

|               |  |
|---------------|--|
| Environmental | <p><b>Green Building Certification</b></p> <ul style="list-style-type: none"> <li>➤ <b>80%</b> of Singapore buildings to be Green Mark certified by 2030</li> </ul>  |
|               | <p><b>Solar Power Generation</b></p> <ul style="list-style-type: none"> <li>➤ Achieve <b>50%</b> increase in solar power generation by 2025 (from base year 2019)</li> </ul>   |
|               | <p><b>Energy Efficiency</b></p> <ul style="list-style-type: none"> <li>➤ <b>7%</b> reduction in total energy consumption for multi-tenanted buildings (“MTB”) from 2023-2030</li> <li>➤ Reduce energy intensity for MTB by <b>1%</b> per year</li> </ul> |
|               | <p><b>Water Efficiency</b></p> <ul style="list-style-type: none"> <li>➤ <b>14%</b> reduction in water intensity for MTB from 2023-2030</li> <li>➤ <b>All</b> MTB buildings to be WEB certified by 2025</li> </ul>  |
|               | <p><b>Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>➤ <b>100%</b> supplier compliance with Green Procurement Policy by 2030</li> </ul>  |
|               | <p><b>Decarbonisation Roadmap</b></p> <ul style="list-style-type: none"> <li>➤ To be implemented from FY2024 with clear steps, targets, and timeline to ensuring a climate resilient portfolio</li> </ul>  |

|            |  |
|------------|--|
| Social     | <p><b>Community</b></p> <ul style="list-style-type: none"> <li>➤ <b>500 hours</b> of staff volunteerism per year</li> </ul>  |
|            | <p><b>Training and Development</b></p> <ul style="list-style-type: none"> <li>➤ <b>16 training hours</b> per employee per year</li> </ul>  |
|            | <p><b>Health and Safety</b></p> <ul style="list-style-type: none"> <li>➤ Quarterly health and safety committee meetings</li> <li>➤ <b>Zero</b> Workplace Fatal Injury Rate (“WFIR”) and Major Injury Rate (“MIR”)</li> </ul>                                   |
| Governance | <p><b>Board Diversity</b></p> <ul style="list-style-type: none"> <li>➤ Includes independence, gender diversity, ethnic diversity and core competencies amongst others</li> </ul>   |
|            | <p><b>Climate Change Adaptation</b></p> <ul style="list-style-type: none"> <li>➤ Disclose adaptation and mitigation plans aligned to TCFD by 2025</li> </ul>   |
|            | <p><b>Governance and Enterprise Risk</b></p> <ul style="list-style-type: none"> <li>➤ <b>Zero</b> lapses in corporate governance or corruption</li> <li>➤ <b>Zero</b> material incidents of non-compliance with socioeconomic or environmental laws</li> </ul> |

# Pursuit of ESG Plans On Track and Will Be Enhanced



## Environmental

### 34 Green Certifications<sup>(1)</sup>

About **10%** of total portfolio by GFA are Green Mark certified

Green Mark Gold/  
Gold Plus



**5**

Properties

Green Mark



**2**

Properties

LEED Gold



**1**

Properties

WEB



**26**

Properties

**>77%**  
of multi-tenanted  
buildings achieved  
WEB  
certifications<sup>(1)</sup>



### Decarbonisation Roadmap

to be implemented in **FY2023**  
with clear steps, targets, and  
timeline to ensuring a climate  
resilient portfolio



Total energy consumption<sup>(2)</sup>

reduced **15%**



Energy consumption intensity<sup>(2)</sup>

decreased **5%**



Water intensity reduced<sup>(2)</sup>

**16%**



### Solar Harvesting Programme

- Current Solar Power Generation at **14.6 GWh/year**, a **32%** increase against 2019 baseline
- In FY2023, ELOG will have **8 buildings** installed with solar panels



E-LOG is on track to achieve  
**50%** increase in solar power  
generation by 2025  
*(from base year 2019)*

# Pursuit of ESG Plans On Track and Will Be Enhanced (cont'd)



## Governance

Disclosed qualitative risks and alignment to TCFD's four core elements of governance, strategy, risk management, and metrics and targets



Refreshed Board of Directors and implemented enhanced Board Diversity Policy

Zero fatalities and major injuries



Zero material incidents of non-compliance with socioeconomic or environmental laws



## Social

83% employee satisfaction rate



ESR-LOGOS REIT Team Building Event

80% tenant satisfaction rate



Company wide fortnightly initiative: Lunch Time Rescue Vegetable Distribution

New target to achieve at least 500 hours of staff volunteerism per year

# 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 occupation permit

**WALE:** weighted average lease expiry

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

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