



Financial Results Presentation

3Q2017



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3Q2017 At A Glance



Proactive Asset Management

- WALE 3.4 years
- Occupancy of 91.1%
- Active leasing at 120 Pioneer Road and 3 Pioneer Sector 3

Prudent Capital Management

- No refinancing till 2H2018
- c.94% of interest rates fixed
- 100% of assets unencumbered

Financial Performance

- No capital distribution
- 100% management fees payable in cash
- DRP switched on

Financial Performance



3Q2017 Financial Results

	3Q2017 (S\$ million)	3Q2016 (S\$ million)	YoY (%)
Gross Revenue ⁽¹⁾	27.1	27.6	(1.9)
Net Property Income ⁽²⁾	19.6	19.9	(1.6)
Amount Available for Distribution	12.6	12.9	(2.0)
Distribution Per Unit (“DPU”) (cents)	0.964	0.987	(2.3)

Note:

(1) Includes straight line rent adjustment of S\$0.2 million (3Q2016: S\$0.4 million)

(2) Income from new leases partially offset loss of revenue during conversion of properties from single-tenant to multi-tenant buildings, higher operating expenses resulting from conversions, increased maintenance costs and property divestments since 3Q2016

Balance Sheet Summary

	As at 30 Sep 2017 (S\$ million)	As at 31 Dec 2016 (S\$ million)
Investment Properties	1,337.1	1,354.0
Other Assets	11.9	13.0
Total Assets	1,349.0	1,367.0
Total Borrowings (net of loan transaction costs)	492.8	509.6
Other Liabilities	29.1	30.4
Total Liabilities	521.9	540.0
Net Assets Attributable to Unitholders	827.1	827.0
No. of Units Issued (million)	1,308.3	1,304.4
NAV Per Unit (cents)	63.2⁽¹⁾	63.4

Distribution Timetable

Distribution Details

Distribution Period	1 July 2017 to 30 September 2017
Distribution Rate	0.964 cents per unit from taxable income
Distribution Reinvestment Plan (“DRP”)	DRP switched on; 2% discount

Distribution Timetable

Last Trading Day on a “Cum Distribution” Basis	23 October 2017
Distribution Ex-Date	24 October 2017
Books Closure Date	26 October 2017
Fixing of Unit Price for DRP Units	27 October 2017
Distribution Payment Date	24 November 2017
Listing of the DRP Units	24 November 2017

Prudent Capital Management



Key Capital Management Indicators

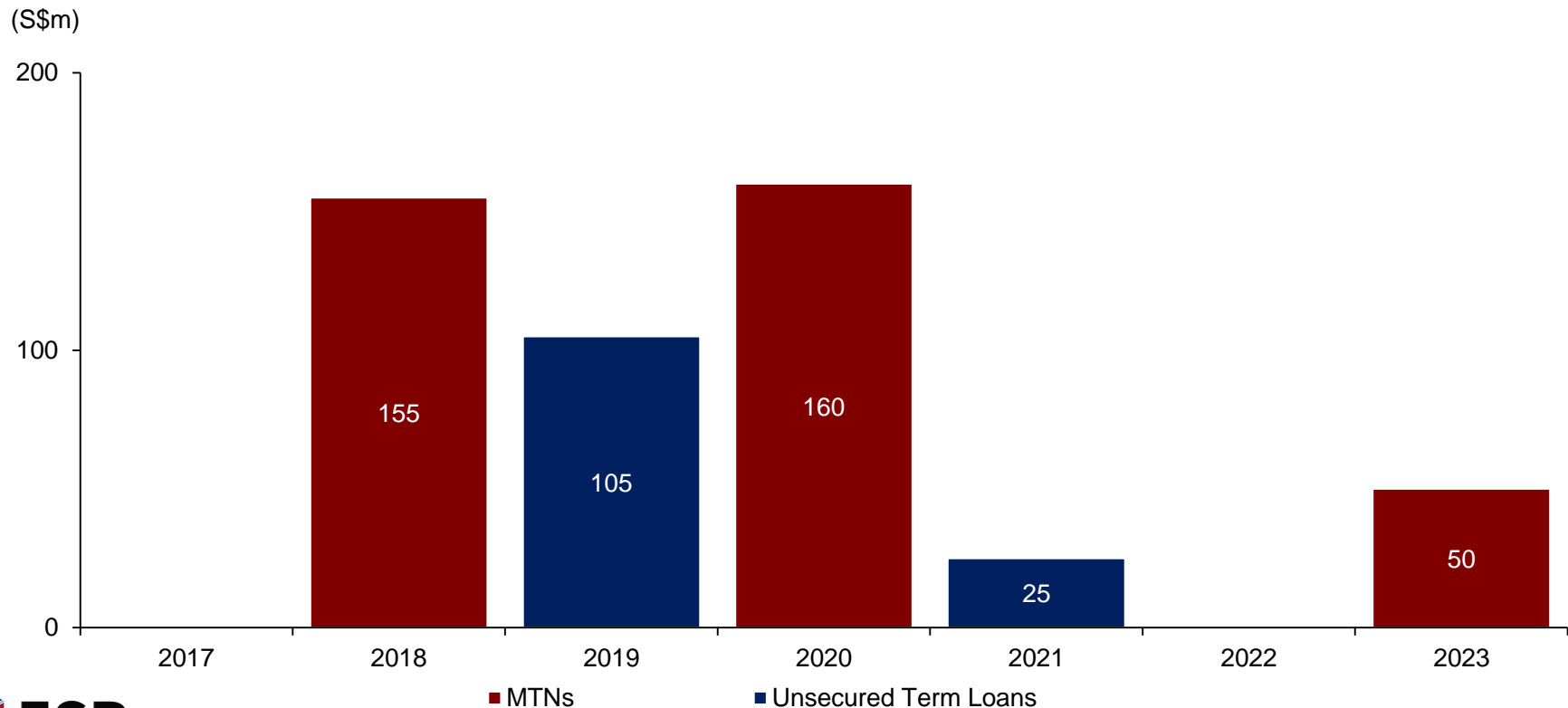
- **93.9% of interest rates fixed for the next 2.1 years**
- **Portfolio remains 100% unencumbered**

	As at 30 Sep 2017	As at 31 Dec 2016
Total Gross Debt (S\$ million)	495.0	512.5
Gearing Ratio (%)	36.7	37.5
All-in Cost (%) p.a.	3.73	3.71
Weighted Average Debt Expiry (years)	2.3	3.1
Interest Coverage Ratio (times)	3.6	3.6
Interest Rate Exposure Fixed (%)	93.9	90.7
Proportion of Unencumbered Investment Properties (%)	100	100
Available Committed Facilities (S\$ million)	120.0	102.5

Well-Staggered Debt Maturity Profile

- No refinancing due till 2H2018
- Undrawn committed RCF of S\$120.0m provides ESR-REIT with financial flexibility

Debt Maturity Profile (as at 30 Sept 2017)



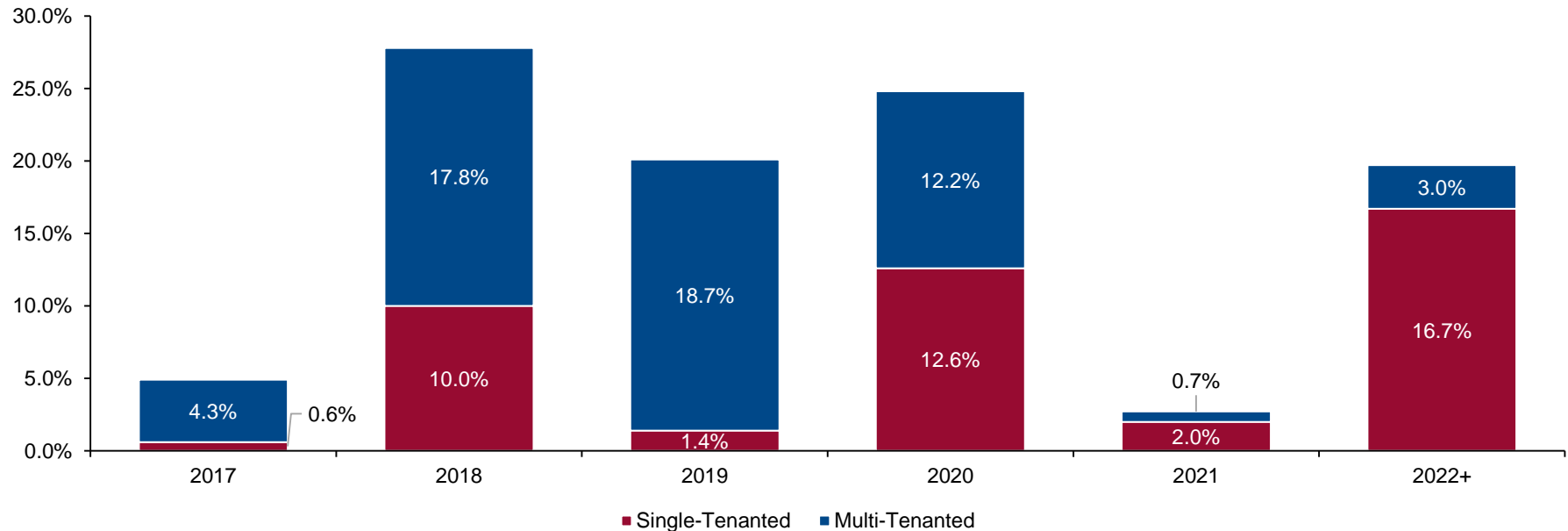
Real Estate Highlights



Proactive Lease Management

- Renewed and leased more than 1.08m sq ft of leases in 3QYTD
- Tenant retention rate of c.60%
- Rental reversion of -18.8%⁽¹⁾ 3QYTD

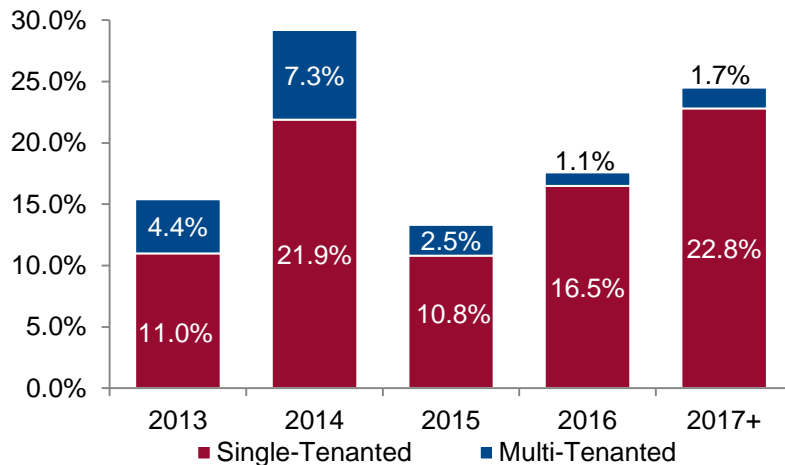
WALE by Rental Income (as at 30 Sep 2017)



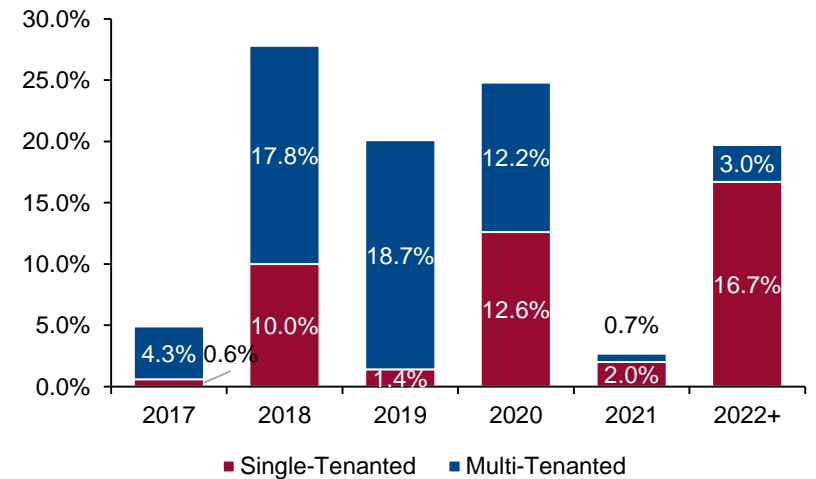
Increasingly Balanced Portfolio

- ESR-REIT's portfolio is more balanced with a move from single-tenanted to multi-tenanted over the last few years
- In 2012, 44% of the portfolio represented single tenant leases expiring in the next 3 years
- Today, only 12% of the portfolio represents single tenant leases expiring up to end FY2019

WALE by Rental Income (2012)

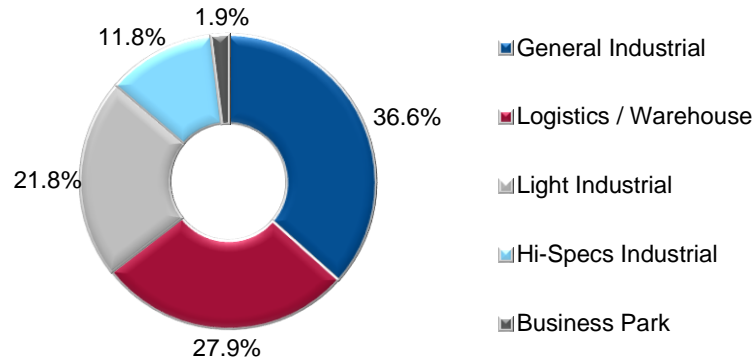


WALE by Rental Income (as at 30 Sep 2017)

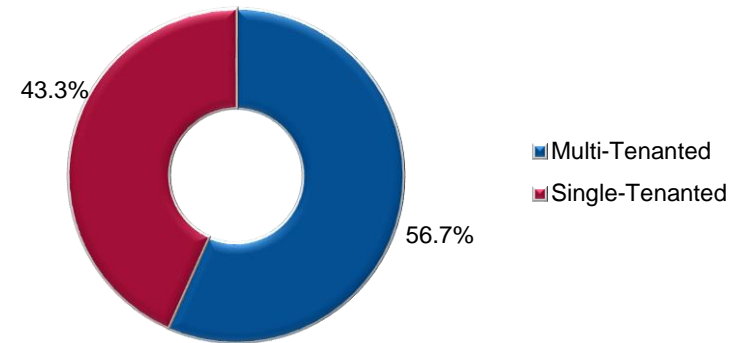


Diversified and Well-occupied Portfolio

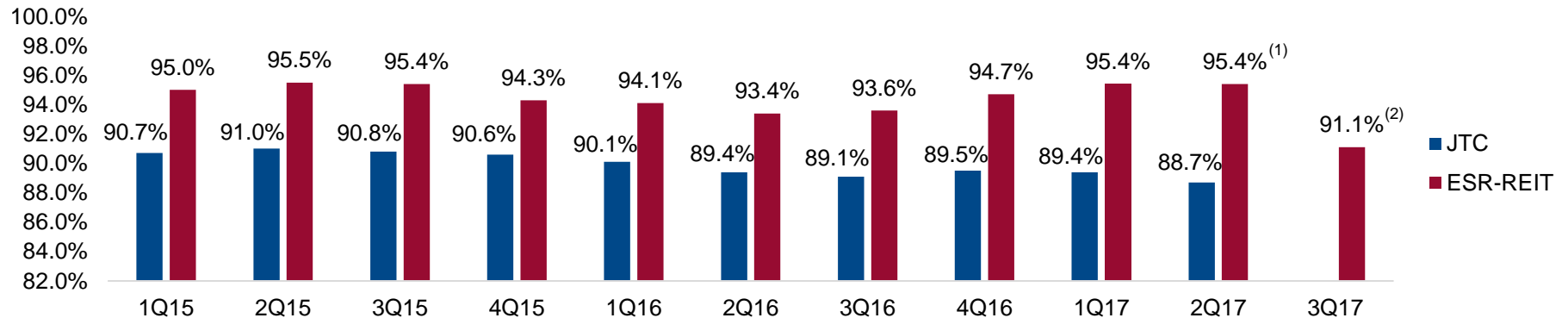
Asset Class by Rental Income
(3Q2017)



Single-Tenanted vs Multi-Tenanted by Rental Income
(3Q2017)



Portfolio Occupancy
(As at 30 Sep 2017)



Portfolio Updates

Marketing of 120 Pioneer Road and 3 Pioneer Sector 3

- Occupancy at 91.1% due to:
 - Inclusion of 120 Pioneer Road following completion of AEI
 - Non-renewal of CWT lease at 3 Pioneer Sector 3
- Both assets being actively marketed; good progress made towards leasing out spaces



Agent Incentive Programme

- Launched on 31 August 2017
- Programme is ESR-REIT's first partner rewards initiative
- Supports marketing efforts to achieve healthy occupancy and improve WALE
- Incentives to be awarded to top property agents and agency with best sales and leasing performance

Divestments



23 Woodlands Terrace

Sale Consideration: S\$17.68 million; 2.8% above valuation and 15% above acquisition price

Description: A 4-storey light industrial building

Land Tenure: ~ 39 years balance

Gross Floor Area: 124,425 sq ft

Completion Date: Target 4Q 2017



87 Defu Lane 10

Sale Consideration: S\$17.5 million; 0.6% above valuation and 34% above acquisition price

Description: A 6-storey light industrial building

Land Tenure: ~ 33 years balance

Gross Floor Area: 109,920 sq ft

Completion Date: Target 4Q 2017

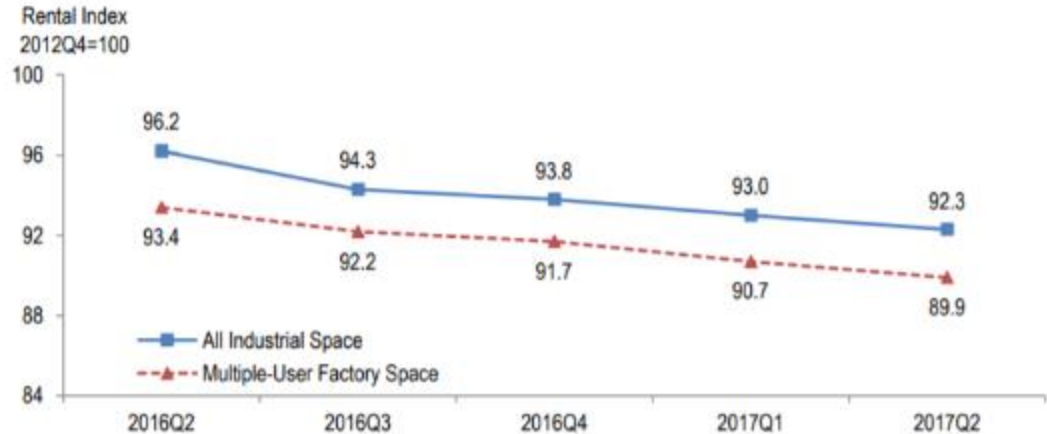
Market Outlook



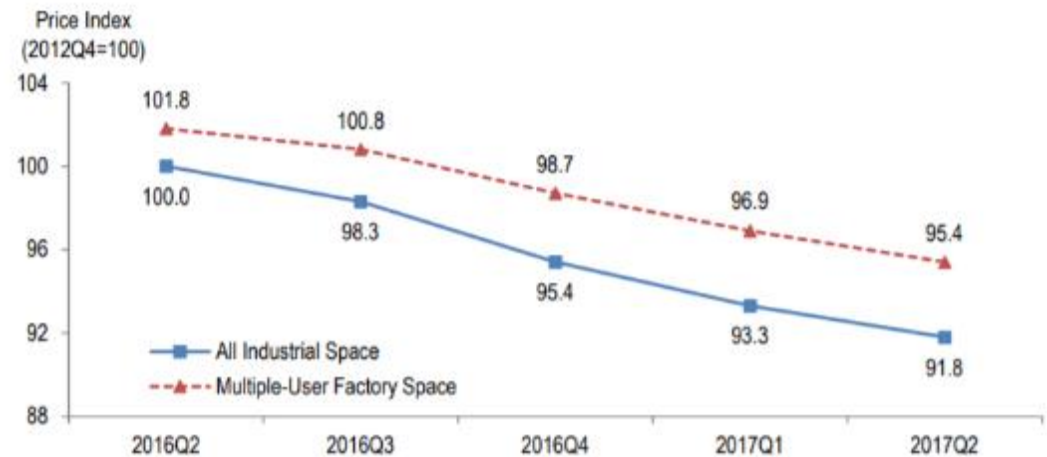
Industrial Property Market Overview

- Overall industrial property market showed signs of improvement but remains soft despite the improved manufacturing sector
 - Global trade uncertainties, rising operating costs and increased supply coming on-stream continue to put pressure on rents
- Since its peak in 2014, the Rental Index and Price Index of industrial property has fallen 10.7% and 14.1% respectively

Rental Index



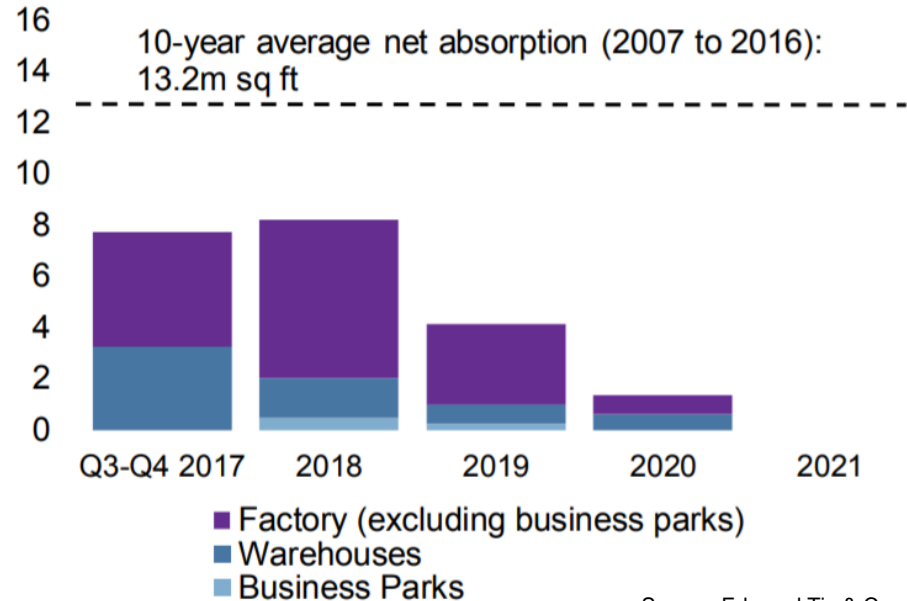
Price Index



Industrial Property Market Overview (cont'd)

- Decline in rental and capital values coincide with the oversupply of industrial space
- After three years of decline in Rental Index, the supply forecast is expected to fall off after 2017 amidst improving macroeconomic indicators
- Colliers and CBRE have reported increased leasing enquiries in 2Q2017 although much of this focus is on high-specs and logistics properties
- Occupancy of properties with better specifications continues to see improvement in Q2
- Demand for Hi-Specs Industrial buildings is expected to remain strong, with Colliers, attributing this to a growth in R&D capabilities and the setting up of technical centres

Industrial Development Pipeline



Source: Edmund Tie & Company

Market Outlook

Potential to capitalise on the upside after Rental Index decline in recent years due to oversupply and on the back of improving macroeconomic indicators

Industrial Market



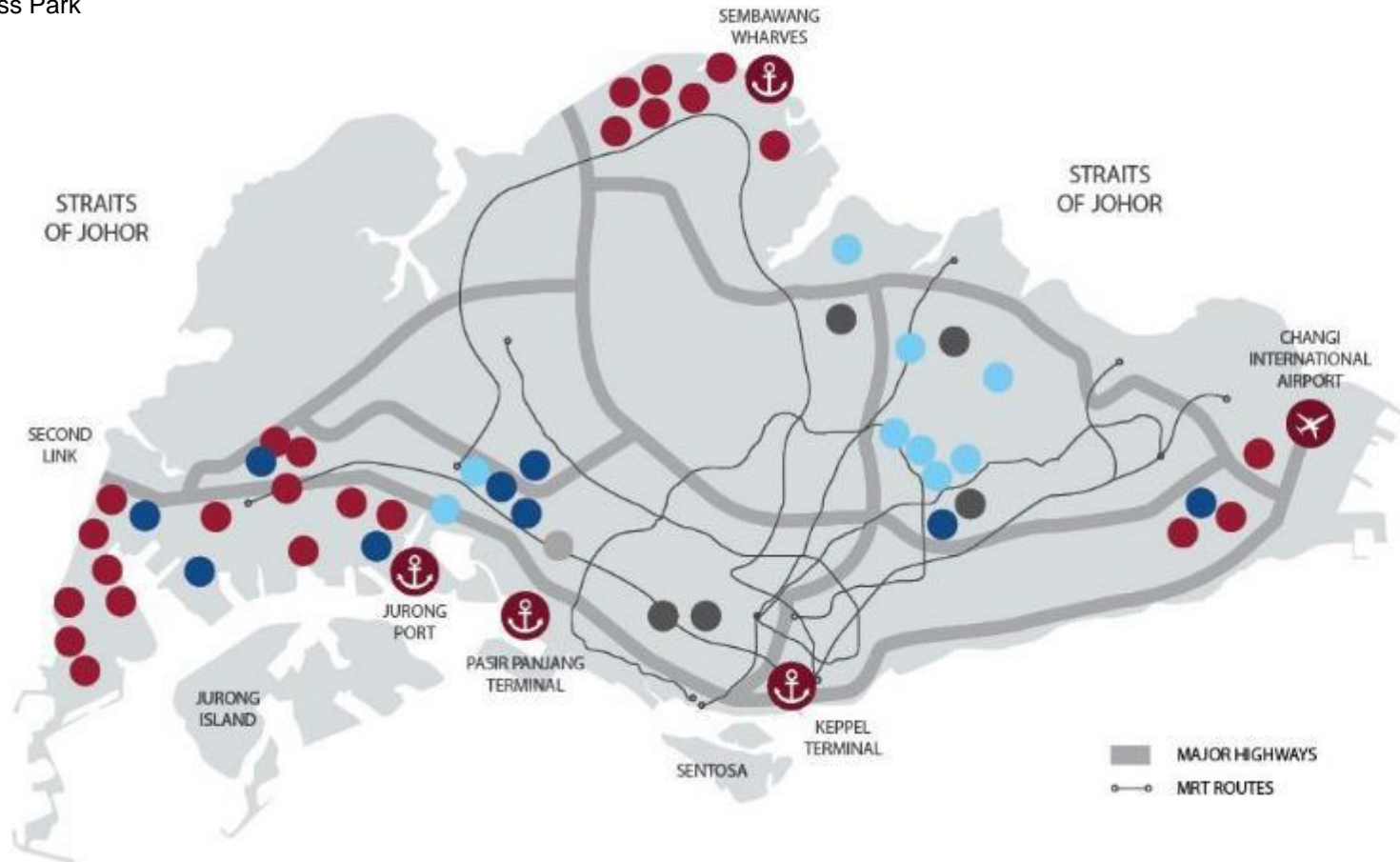
- JTC 2Q2017 Industrial Property Statistics showed that occupancy rates of multiple-user factories declined 0.6% points Q-o-Q (0.5% points Y-o-Y) to 86.4%
- Amid falling demand, rental rates continued to fall with the rental indices of multiple-user factory space declining 0.9% Q-o-Q (3.7% Y-o-Y)
- Rents are likely to face further pressure as new supply over the next six months weighs on vacancy rates
- Portfolio occupancy maintained at 91.1%⁽¹⁾, above JTC industrial average
- The Manager remains focused on managing our assets and lease expiries proactively, while divesting non-core assets
- Ability to leverage onto ESR's clientele and capabilities
- Prudent capital management with 93.9% of the portfolio's interest rates fixed, and a 100% unencumbered portfolio

Appendix



ESR-REIT Portfolio

- General Industrial
- Logistics & Warehouse
- Light Industrial
- Hi-Specs Industrial
- Business Park



Key Portfolio Statistics

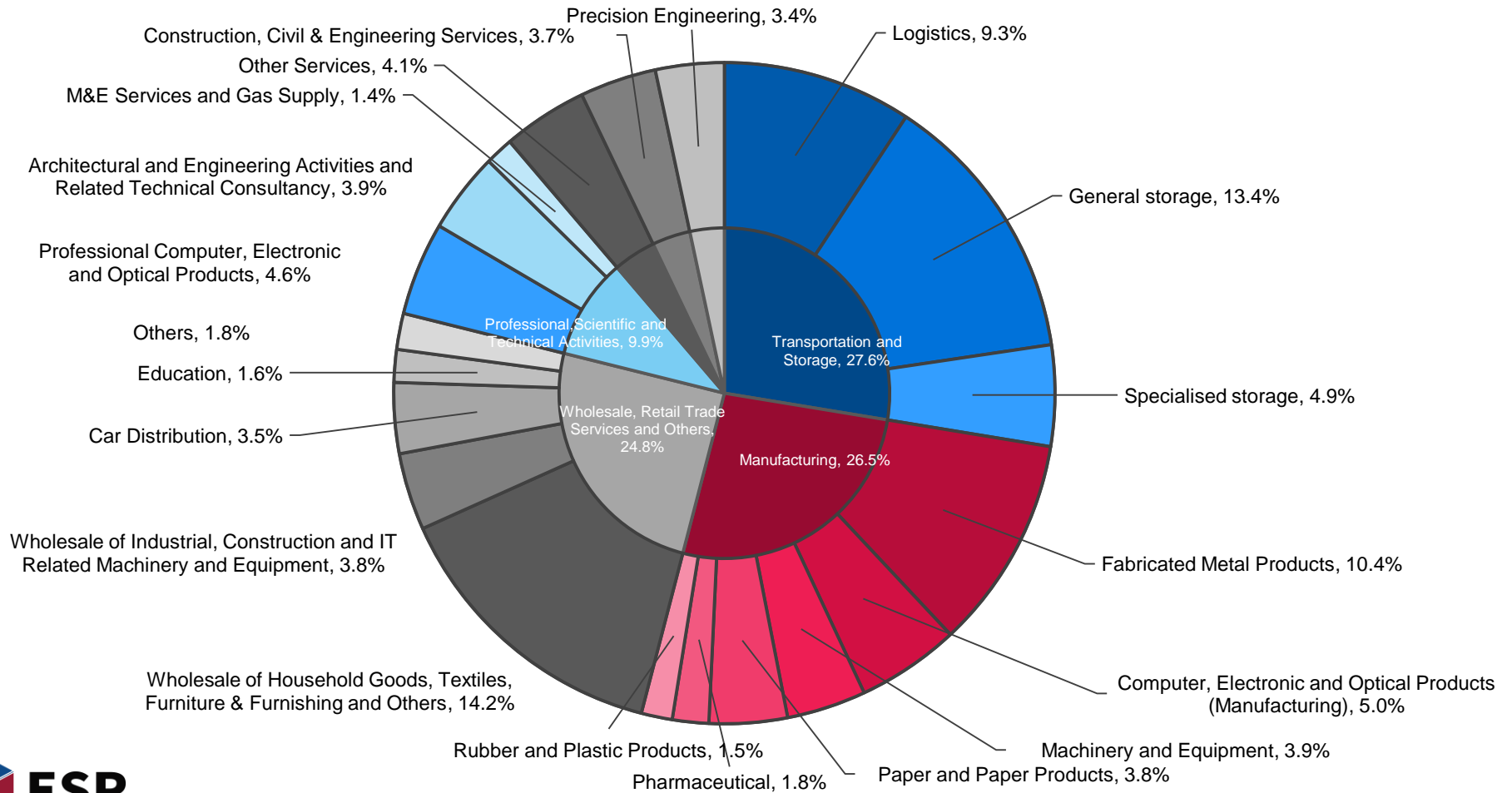
	As at 30 Sep 2017	As at 30 June 2017
Number of Properties	48	49
Valuation (S\$ million)	1,332	1,354
GFA (million sq ft)	8.2	8.4
NLA (million sq ft)	7.6	7.7
Weighted Average Lease Expiry (“WALE”) (years)	3.4	3.4
Weighted Average Land Lease Expiry (years)	33.1	33.4
Occupancy (%)	91.1 ⁽¹⁾	95.4 ⁽²⁾
Number of Tenants	206	208
Security Deposit (months)	8.0	8.4

Diversified Tenant Base and Trade Sectors

No individual trade sector accounts for more than 14.2% of ESR-REIT's rental income

Breakdown by Trade Sectors (by Rental Income)

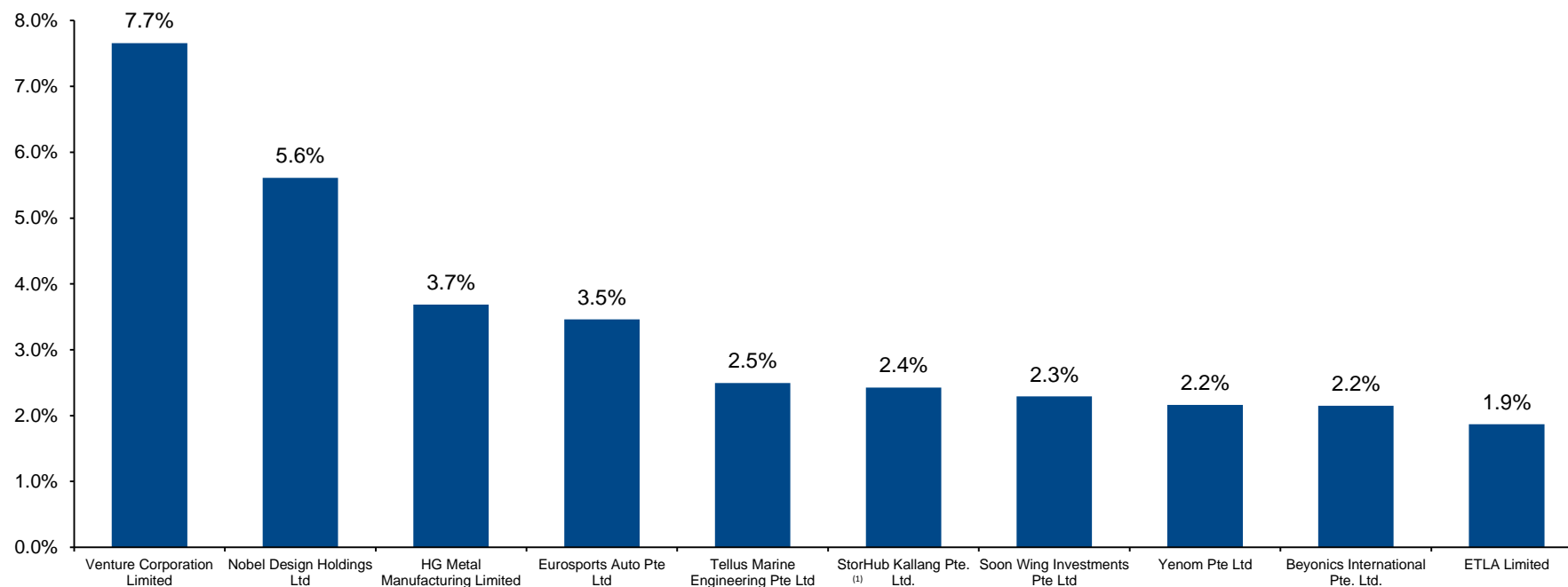
(3Q2017)



Quality and Diversified Tenant Base

Top 10 Tenants Account for c.34.0% of rental income

Top 10 Tenants (by Rental Income)
(3Q2017)



ESR: Strong Developer-Sponsor

Leading “Pure Play” Pan-Asian Logistics Real Estate Platform



- Focused on developing and managing modern, institutional-quality logistics facilities with a high quality tenant base
- Co-founded by Warburg Pincus and backed by blue-chip institutional investors, including:



- With operations across China, Japan, Korea, Singapore and India, ESR has emerged as a leading “pure play” Pan-Asian logistics real estate platform. ESR-REIT has “first look” on the pipeline of assets in an increasingly asset scarce environment for quality logistics assets.

China

- One of the top players by logistics facilities area
- A leading landlord of key global e-commerce players

Korea

- One of the largest modern warehouse developers in Korea upon completion of projects under development

Japan

- One of the highest starts by value in 2015 and 2016
- Strong execution and capital market capability to manage sizable developments

Singapore

- Invested in ESR-REIT, an early industrial S-REIT player with >8m sq ft of GFA
- c.12% stake in ESR-REIT; c.80% stake in ESR-REIT Manager and c.100% stake in its Property Manager

India

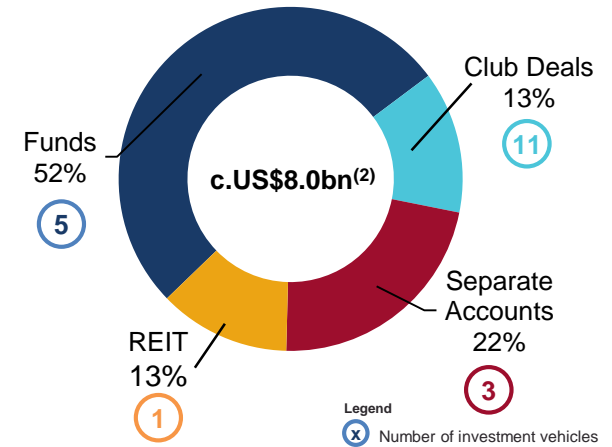
- To build a leading real estate platform in both size and volume
- Initial focus on Tier-1 city agglomerations

- In August 2017, SK Holdings made a strategic equity investment of USD 333 million for a 10% fully diluted stake in ESR

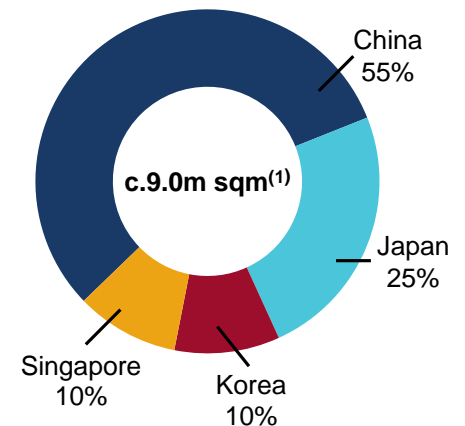
Developer, Operator and Fund Manager

External AUM

Manages 19 third-party pooled investment vehicles and ESR-REIT



GFA



Note: As of Aug 2017
 (1) Includes existing projects and projects under development and Chinese wholly-owned assets. Under development projects include land held for future development
 (2) Aggregate amount of assets under management when fully leveraged and invested, on 100% basis for the assets accounted. Excludes wholly-owned balance sheet assets of c.US\$1.0bn

ESR's Key Client Network

Ability to Leverage Off Sponsor's Network and Expertise

Strategic relationship with leading global e-commerce companies, retailers, logistic service providers/ 3PLs and manufacturers

Landlord of E-Commerce Companies & Retailers

- One of the largest landlords of leading e-commerce companies in China
- One of the major warehouse facilities providers for offline retailers
- Examples of key clientele:



 Diversified Customer Source

Collaborations with 3PLs / Logistics Operators

- Strategic alliance with major 3PLs and reputable logistics service providers
- Examples of key clientele:



 Broad Offering to Clients

Built-to-suit Logistics Solutions Provider & Reliable Landlord

- Developing built-to-suit state of the art modern warehousing and distribution facilities for leading global e-commerce companies and manufacturers
- One of the landlords of choice for cold-storage users
- Examples of key clientele:



 Economies of Scale

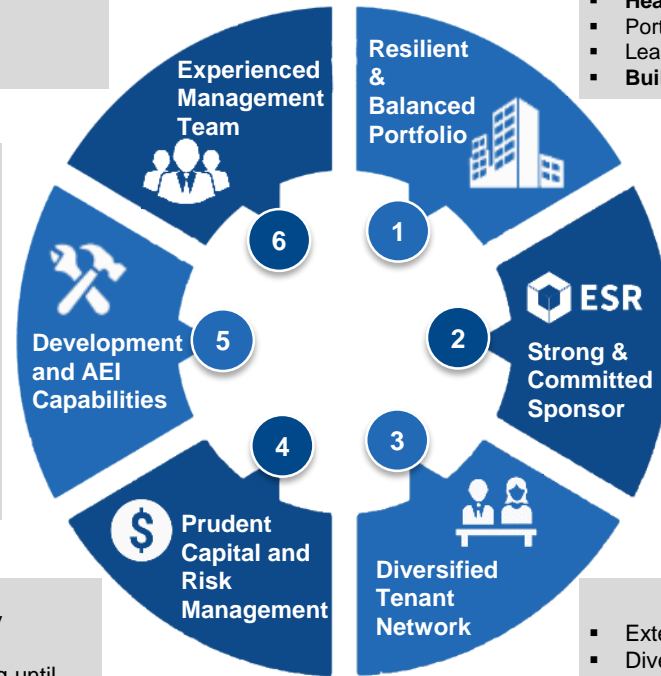
ESR-REIT's Competitive Strengths

Poised to Take on the Next Stage of Growth

- **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 Initiatives** 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

- **Stable and secure income stream** supported by **prudent capital and risk management**
 - Staggered debt maturity profile; no refinancing until November 2018
 - **c.94% of interest rates fixed**
 - **100% of assets unencumbered**
- **Diversified** sources of funding, with **alternative pools of capital**



- 48 properties⁽¹⁾ valued at S\$1.33 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 >14.2% of rental income
- **Healthy occupancy rate** of 91.1%
- Portfolio WALE of 3.4 years
- Leases backed by an **c.8 months security deposits**
- **Built-in rental escalations** provide organic growth

- **Leading “pure play”** Pan-Asian logistics real estate platform with **c.US\$8.0bn AUM**
- ESR has c.80% stake in the REIT Manager, c.100% stake in Property Manager and a c.12% 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**

- Extensive network of >200 tenants
- Diversified across industries including: Logistics, Wholesale Trade, General Storage, Fabrication and Electronics
- Top 10 tenants account for c.34.0% of rental income
- **Long lease terms** of 3-15 years provide **stability** for Unitholders, with in-built escalation
- Only 12% of portfolio represents single tenant leases expiring in next three years
- **c.60% tenant retention rate**

Concise Strategy to Unlock Value

ESR-REIT has adopted a 3-pronged strategy to maximise returns to unitholders, leveraging on ESR's expertise:

- **Asset enhancements** to unlock value
- **Proactive asset management** to maximise unitholder returns
- Regular review of portfolio and to recycle capital and enhance portfolio quality
- Leverage on ESR's capabilities:
 - **Tap into ESR's client network** to enhance REIT's tenant quality and diversify tenant base
 - **One of the largest landlords** of leading e-commerce companies in China
 - May provide solutions to **existing ESR tenants who are keen to expand into this region**



- Evaluation of yield-accretive and value-enhancing opportunities in Singapore and overseas
 - 1) Overseas expansion to focus on **scalability** in markets where ESR has a **presence**
 - Eg. Australia, China, Japan, Korea
 - 2) **Potential pipeline from Sponsor**
 - c.9.0m sqm of existing and under-development projects across China, Japan and Korea
 - 3) Increased acquisition opportunities from **ESR's network**
- Approval of General Mandate obtained at 2017 AGM provides **financial flexibility** to execute growth plans

- **Potential investment into development projects**
 - ESR-REIT is permitted to take **up to 10%** of its deposited properties
 - May potentially **participate alone or jointly with ESR**
- Provides potential **upside kicker**; downside protected from stable income generating assets
- **Further able to take on more development projects** as ESR-REIT grows in size
- Leverage on **ESR's proven track record and built-to-suit ("BTS") development capabilities**
 - Developer of BTS warehousing and distribution facilities for leading global e-commerce companies



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This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 30 September 2017.

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