



Financial Results Presentation

1Q2018



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120 Pioneer Road



Creating Opportunities Through Prudent Capital Management



Successfully completed S\$141.9m Preferential Offering on 28 March 2018, with 262.8m new units issued

- 1.7x oversubscribed
- Proceeds from Preferential Offering used to pay down debt



Gearing reduced from 39.6%⁽¹⁾ to 30.0%



Provides a debt headroom of c.S\$458.2m

- Undrawn available RCF of S\$213.0m
- Well-poised with financial flexibility for future acquisitions, organic growth and AEI opportunities

1Q2018 at a Glance



Proactive Asset Management

- Healthy WALE of 4.4 years
- Healthy 90.7%⁽²⁾ occupancy

Prudent Capital Management

- No refinancing till 4Q2018
- 100% of assets remains unencumbered
- 92.6% of interest rates fixed

Financial Performance

- No capital distribution
- 100% management fees payable in cash

Financial Performance

120 Pioneer Road



1Q2018 Financial Results

	1Q2018 (S\$ million)	1Q2017 (S\$ million)	QoQ (%)
Gross Revenue ⁽¹⁾⁽³⁾	33.6	27.7	21.2
Net Property Income ⁽²⁾⁽³⁾	23.8	19.7	20.8
Amount Available for Distribution to:	15.1	13.1	
- Perpetual Securities Holders	1.7	-	n.m
- Unitholders ⁽⁴⁾	13.4	13.1	2.4
Distribution Per Unit (“DPU”) (cents)	0.847⁽⁵⁾	1.004	(15.6)
Adjusted DPU (cents)	1.008⁽⁶⁾	1.004	0.4

Note:

(1) Includes straight line rent adjustment of S\$0.4 million (1Q2018: S\$0.2 million).

(2) Higher Net Property Income (“NPI”) mainly due to full quarter contributions from two acquisitions (8TS and 7000 AMK) in mid December 2017, partially offset by non renewal of leases at 12 AMK, 31 KT and 30 TG, lease conversion of 21B Senoko Loop (1Q2018) and 3PS3 (3Q2017) and 4 property divestments (87 Defu, 23WT, 55 Ubi and 9BB) since 1Q2017.

(3) Includes Non-Controlling Interest (“NCI”) of 20% of 7000 Ang Mo Kio Avenue 5 in 1Q2018.

(4) Higher distributable income to Unitholders due to better NPI performance of the portfolio as per (2).

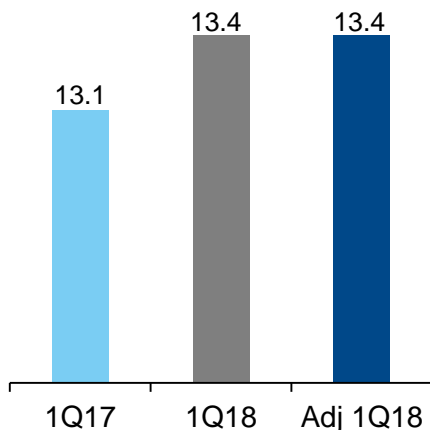
(5) Lower DPU due to dilution from new units issued pursuant to the Preferential Offering (262.8 million units) and Distribution Reinvestment Plan (“DRP”) units issued since 1Q2017.

(6) Adjusted DPU is based on the weighted average number of units in issue during 1Q2018 (assumes the units issued under the Preferential Offering were only entitled to distributable income from 28 March to 31 March 2018).

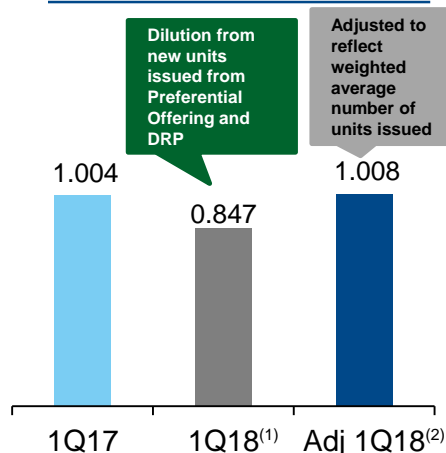
Comparison of Key Metrics Across Time

1Q17
VS
1Q18

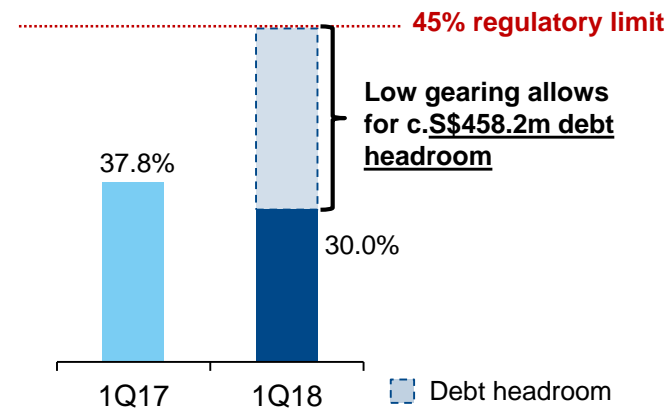
Distributable Income (\$m)



DPU (cents)

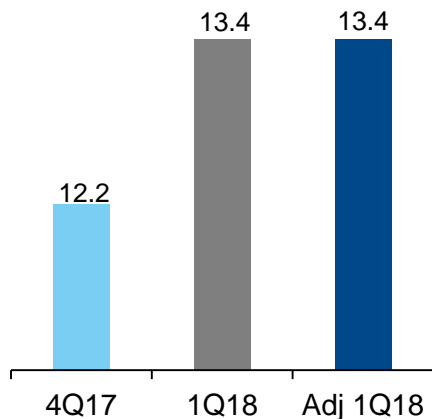


Gearing (%)

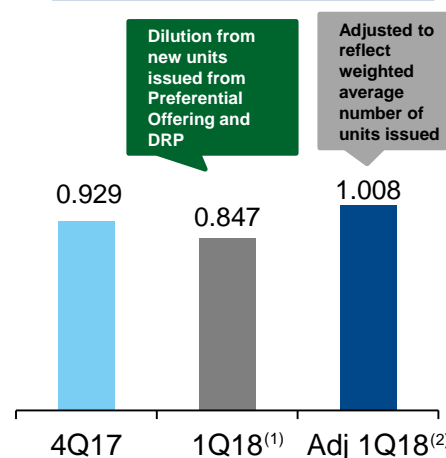


4Q17
VS
1Q18

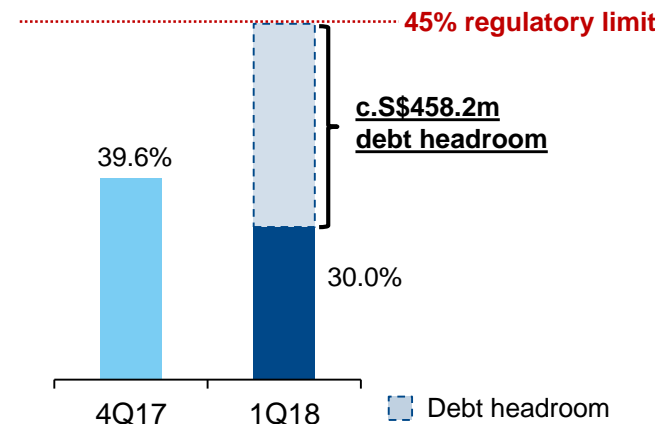
Distributable Income (\$m)



DPU (cents)



Gearing (%)



Note:

- (1) Lower DPU due to dilution from new units issued pursuant to the Preferential Offering (262.8 million units) and DRP units issued since 1Q2017.
- (2) Adjusted DPU is based on the weighted average number of units in issue during 1Q2018 (assumes the units issued under the Preferential Offering were only entitled to distributable income from 28 March to 31 March 2018).

Balance Sheet Summary

	As at 31 Mar 2018 (S\$ million)	As at 31 Dec 2017 (S\$ million)
Investment Properties	1,653.1 ⁽¹⁾	1,675.8 ⁽¹⁾
Other Assets	22.5	20.0
Total Assets	1,675.6	1,695.8
Total Borrowings (net of loan transaction costs)	500.0	669.8
Other Liabilities	38.1	35.4
Non-Controlling Interest	60.6	60.6
Total Liabilities	598.7	765.8
Net Assets Attributable to:		
- Perpetual Securities Holders	152.8	151.1
- Unitholders	924.1	778.9
No. of Units Issued (million)	1,583.7	1,313.6
NAV Per Unit (cents)	58.4	59.3

Distribution Timetable

Distribution Details

Distribution Period	1 January 2018 – 31 March 2018
Distribution Rate	Taxable income – 0.814 cents per unit Tax-exempt income – 0.033 cents per unit

Distribution Timetable

Last Trading Day on a “Cum Distribution” Basis	25 April 2018
Distribution Ex-Date	26 April 2018
Books Closure Date	30 April 2018
Distribution Payment Date	31 May 2018

Prudent Capital Management

120 Pioneer Road



Key Capital Management Indicators

- **Non-renounceable S\$141.9m Preferential Offering successfully completed on 28 March 2018**
 - Proceeds used for debt repayment
- **Low gearing of 30.0%**
 - Debt headroom of c.S\$458.2m provides financial flexibility
- **92.6% of interest rates fixed for the next 1.6 years**
- **Portfolio remains 100% unencumbered**

	As at 31 Mar 2018	As at 31 Dec 2017
Total Gross Debt (S\$ million)	502.0	672.0
Debt to Total Assets (%)	30.0	39.6
Weighted Average All-in Cost of Debt (%) p.a.	3.75	3.55
Weighted Average Debt Expiry (years)	1.8	2.4
Interest Coverage Ratio (times)	3.6	3.5
Interest Rate Exposure Fixed (%)	92.6	69.2
Proportion of Unencumbered Investment Properties (%)	100	100
Available Committed Facilities (S\$ million)	213.0	43.0

Financial Flexibility Given Low Gearing and Available Undrawn RCF



ESR-REIT's current gearing at 30.0% provides for a debt headroom of c.\$458.2m

- Undrawn available RCF of S\$213.0m



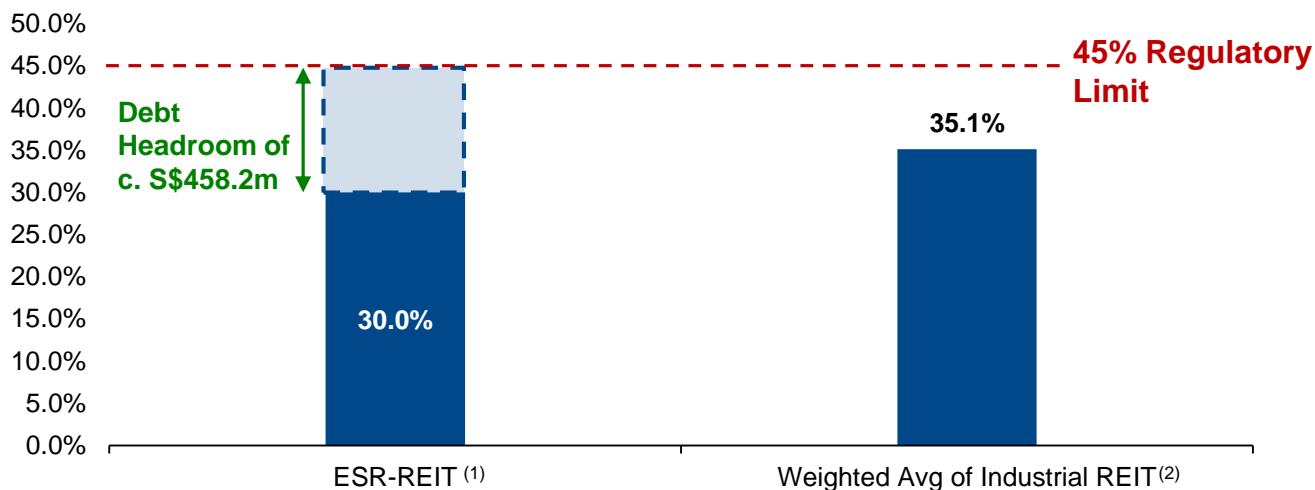
Financial flexibility enables the REIT to be well poised for future acquisitions and portfolio enhancements



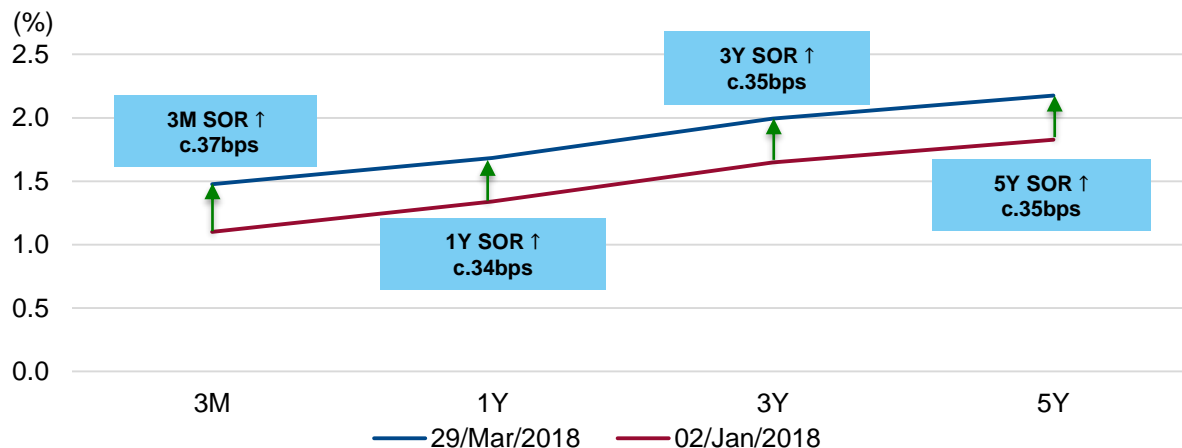
Base SOR rates have increased by c.35bps

- ESR-REIT is well protected given 92.6% of its interest rates are fixed

Gearing (as at 31 Mar 2018)



Base SOR Rates Overtime



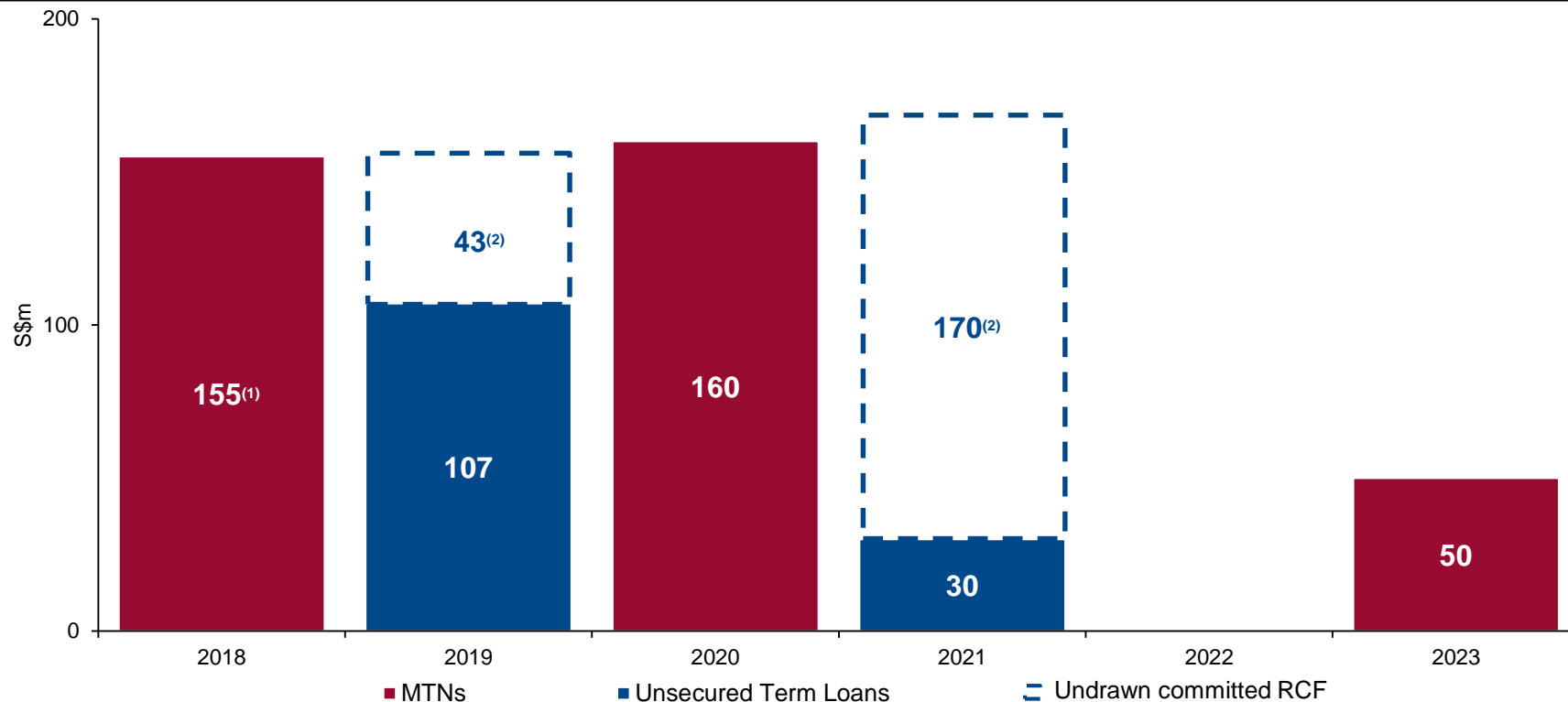
Note:

- (1) Reflects ESR-REIT gearing as at 31 March 2018.
- (2) Refers to weighted average of industrial REIT's gearing as at 31 December 2017.

Well-Staggered Debt Maturity Profile

- No refinancing till 4Q2018
- Undrawn available committed RCF of S\$213.0m provides financial flexibility

Debt Maturity Profile (as at 31 Mar 2018)



Real Estate Highlights

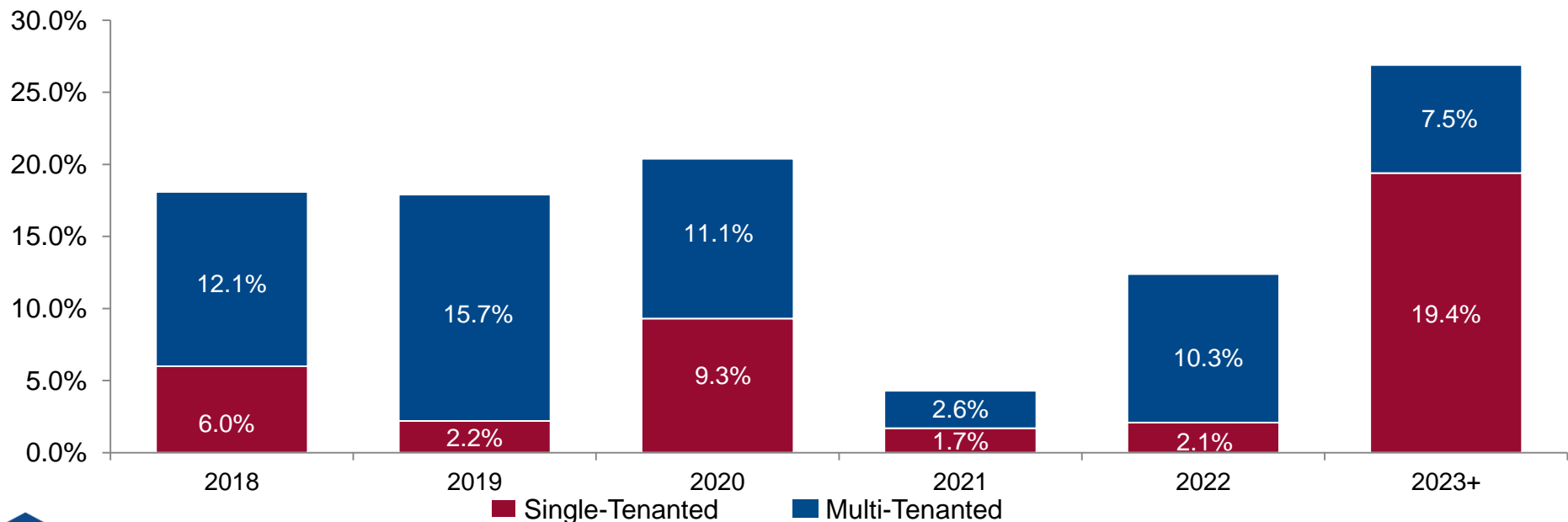
120 Pioneer Road



Pro-active Lease Management

- Renewed and leased approximately 394,616 sq ft of leases in 1Q2018
 - Occupancy at 7000AMK up 2.3% to 94.2%, 3 months post acquisition
 - Renewed 1 master lease, reducing single-tenanted lease expiries from FY2018 from 7.2% to 6.0%
- Tenant retention rate of 70.7%
- Rental reversion of -0.2% for 1Q2018

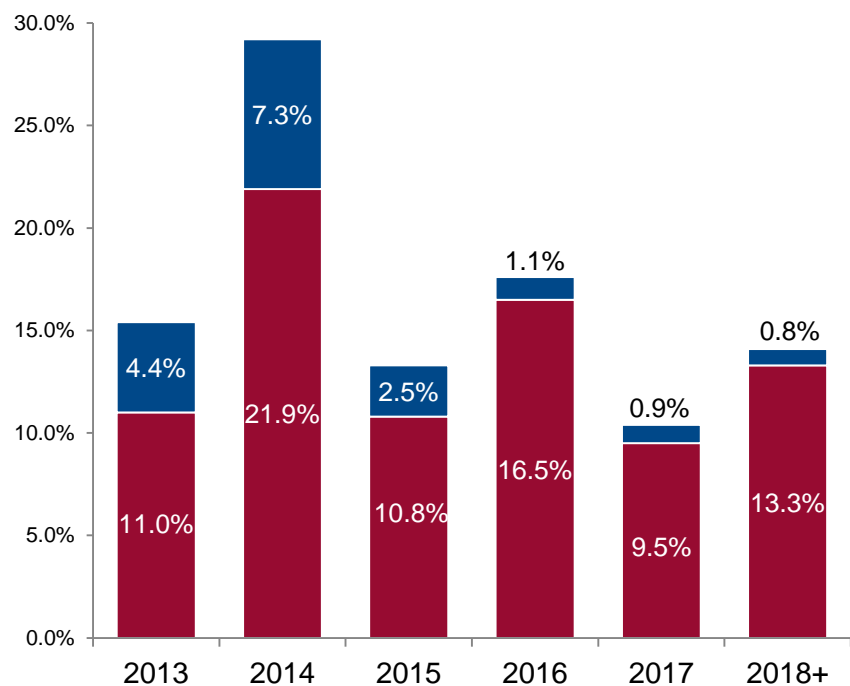
WALE by Rental Income (as at 31 Mar 2018)



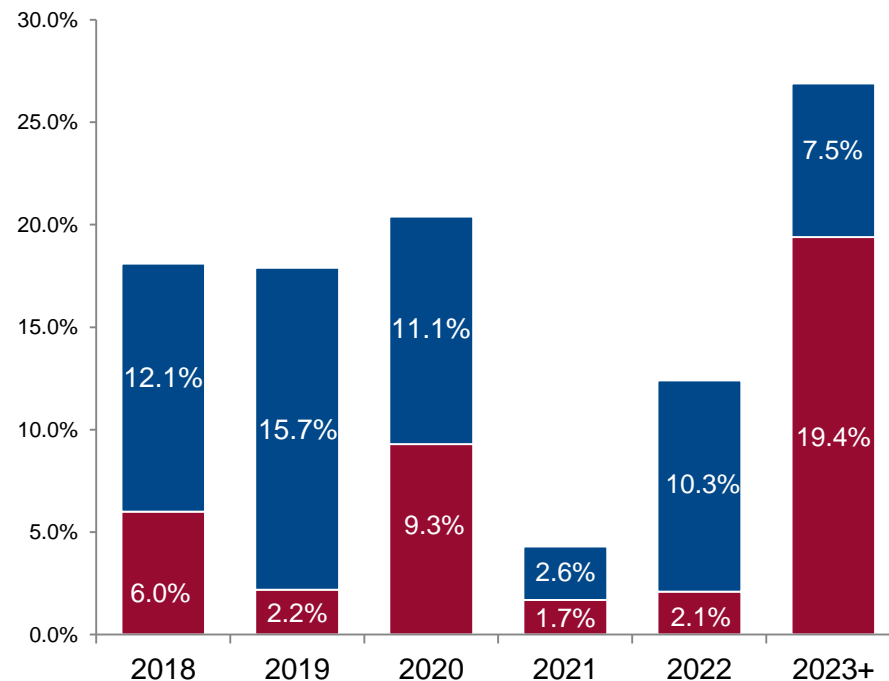
Increasingly Balanced Portfolio

- ESR-REIT's portfolio is more balanced with the move from single-tenanted to multi-tenanted since 2012

WALE by Rental Income (as at 31 Dec 2012)



WALE by Rental Income (as at 31 Mar 2017)

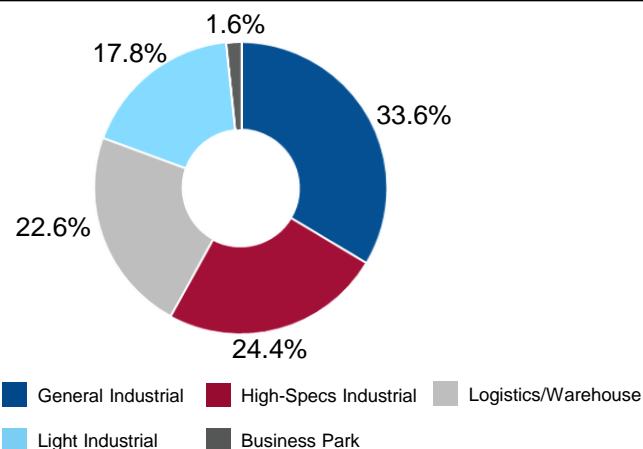


■ Single-Tenanted ■ Multi-Tenanted

Diversified Portfolio with Healthy Occupancy

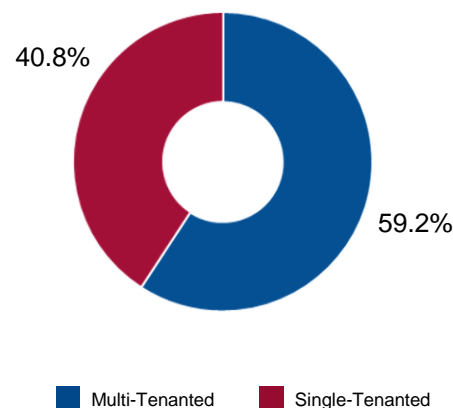
Asset Class by Rental Income

(as at 31 Mar 2018)

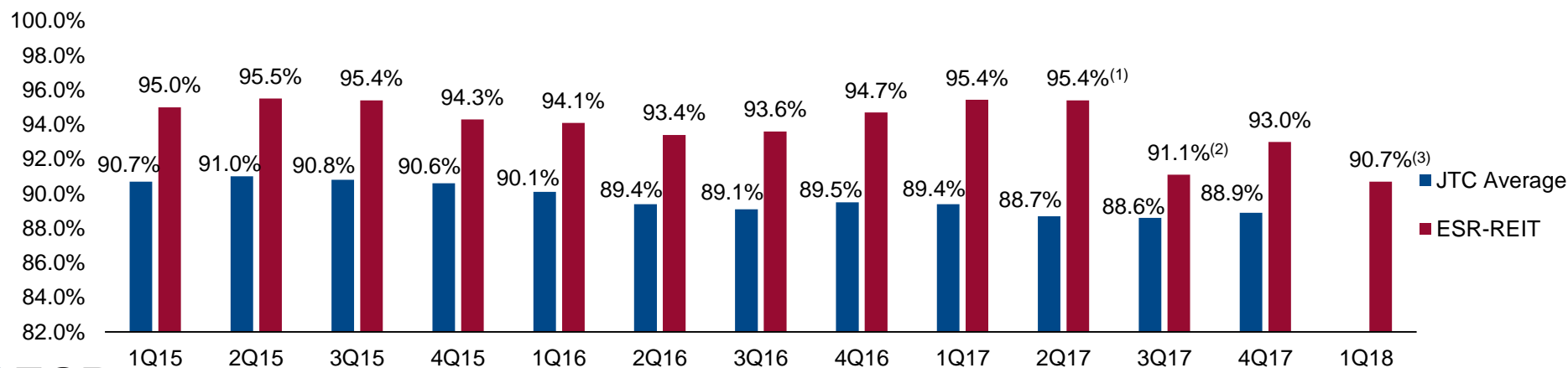


Single-Tenanted vs Multi-Tenanted by Rental Income

(as at 31 Mar 2018)



Portfolio Occupancy (As at 31 Mar 2018)



Note:

- (1) Excluding 120 Pioneer Road which was undergoing AEI, and 55 Ubi Ave 3 and 23 Woodlands Terrace that was then held for divestment.
- (2) Including 120 Pioneer Road following the completion of AEI works and excluding 23 Woodlands Terrace and 87 Defu Lane 10 that were held for divestment.
- (3) Excludes 31 Kian Teck Way which is being held for divestment.

Asset Enhancement Initiative



30 Marsiling Industrial Estate Road 8

Address	30 Marsiling Industrial Estate Road
Gross Floor Area	217,953 square feet
Remaining Land Tenure	31.7 years
Valuation	S\$36.6 million
Estimated Project Completion Date	1Q2019

Benefits of AEI

- ✓ Asset enhancement will facilitate addition of two good quality tenants to ESR-REIT's portfolio
- ✓ Exposure to high-value added automotive technology and precision engineering sector⁽¹⁾

• **APTIV** •

 **FORMFACTOR**

- ✓ **Asset and Portfolio Stability**
 - Secured long leases with two major tenants
 - Following project completion, property will be fully occupied for the next 5 years
- ✓ **Well-positioned asset with improved specifications**
 - Strategically located close to Woodlands Industrial Estate and close to key transport networks to cater to prospective users in the future

Market Outlook and Strategy

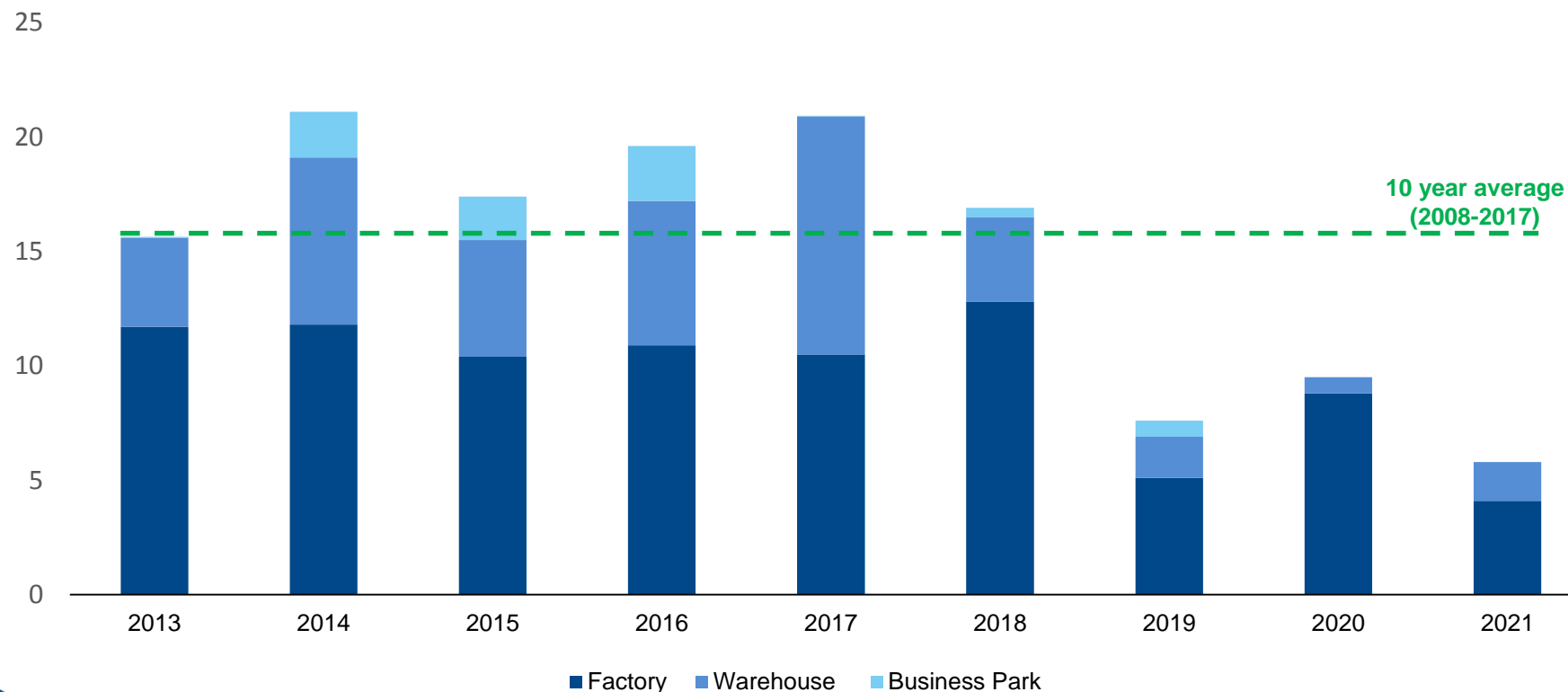
120 Pioneer Road



Industrial Property Market

- Last 5 years saw large supply of industrial space (factory, warehouse and business park) coming on-stream
- Market expected to see signs of a slowdown in pipeline supply from 2018 onwards
- Latest forecasts show a considerable drop in supply from 2019 onwards

Historical and Future Industrial Property Market Pipeline (million sq ft)⁽¹⁾



Looking Ahead

1

Market conditions remain challenging but we remain cautiously optimistic

- Continue to build on the strong foundations set up in 2017
- Demand and supply imbalances have seen some correction but ongoing global trade uncertainties continue to impact business outlook and optimism
- To continue rejuvenation of existing asset portfolio in a pro-active manner
- Strategy continues with asset acquisitions, development projects and appropriate M&A transactions which offset the impact of conversions from STB to MTB

2

Continued Support From Developer Sponsor ESR

- ESR demonstrated financial support by committing to undertake up to S\$125.0m in March 2018 Preferential Offering
- Continued support in terms of expertise, access to their tenant base and partner networks

3

Financial Flexibility

- Low gearing of 30.0%, with debt headroom of c.S\$458.2m
- Undrawn available committed RCF of S\$213.0m

Our Long-Term Strategy

Optimising Unitholder Returns While Reducing Risks



Organic Growth

- AEs to unlock value and attract high-valued tenants
- Pro-active asset management to optimise investor returns
- Divest low-yielding assets and redeploy to higher quality properties
- Enhance tenant base by leveraging Sponsor networks



Acquisition and Development Growth

- Yield-accretive, scalable, value-enhancing acquisition opportunities in Singapore
- Potential pipeline of assets from ESR
- Exploring opportunities to participate in development projects, either individually or in JV with ESR



Capital Management

- Debt to Total Assets between 30- 40%
- 100% unencumbered
- Well-staggered debt maturity profile
- Diversify funding sources into alternative pools of capital
- Broaden and strengthen banking relationships

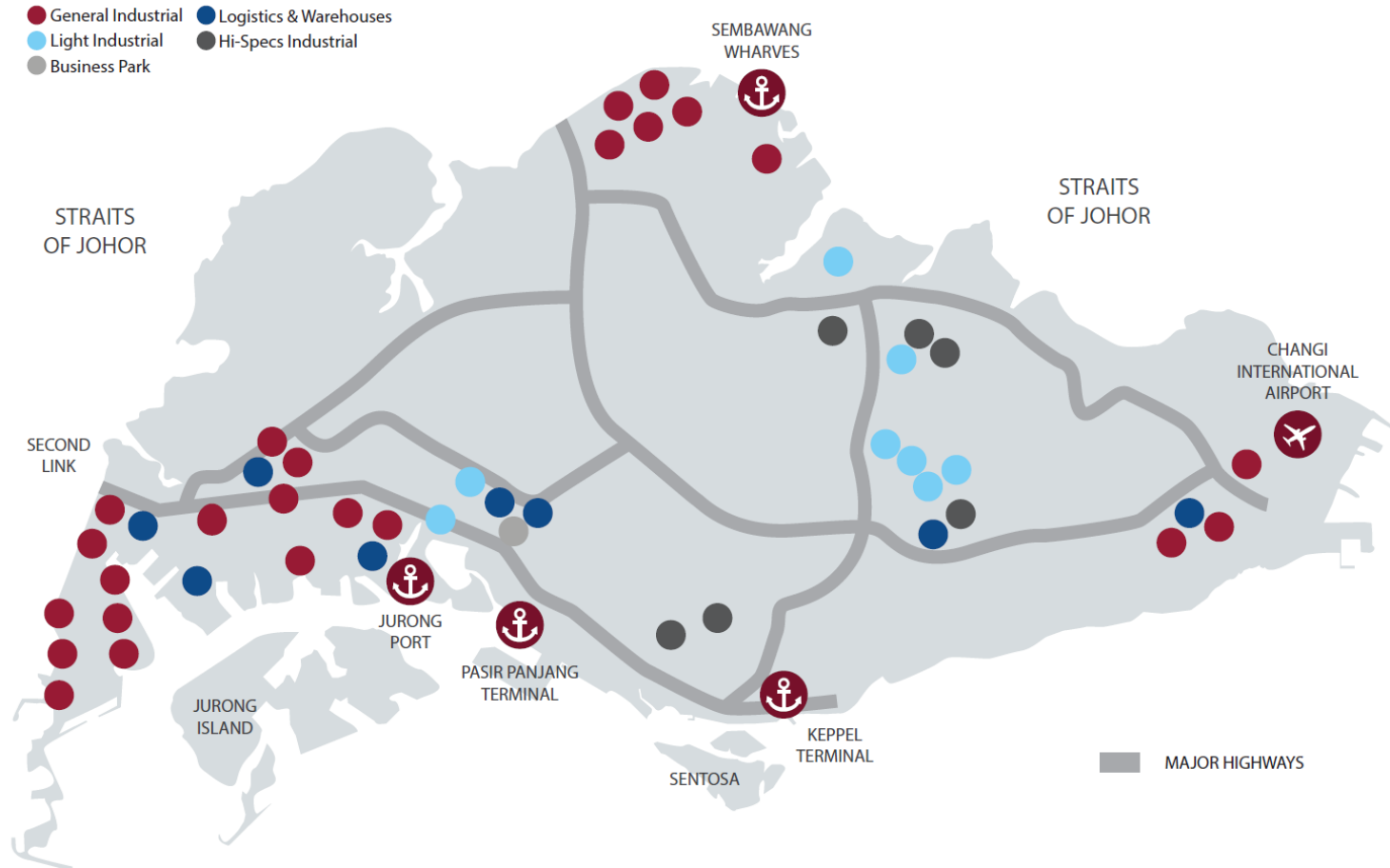
Appendix

120 Pioneer Road



ESR-REIT Portfolio

47 assets located close to major transportation hubs and key industrial zones across Singapore



Key Portfolio Statistics

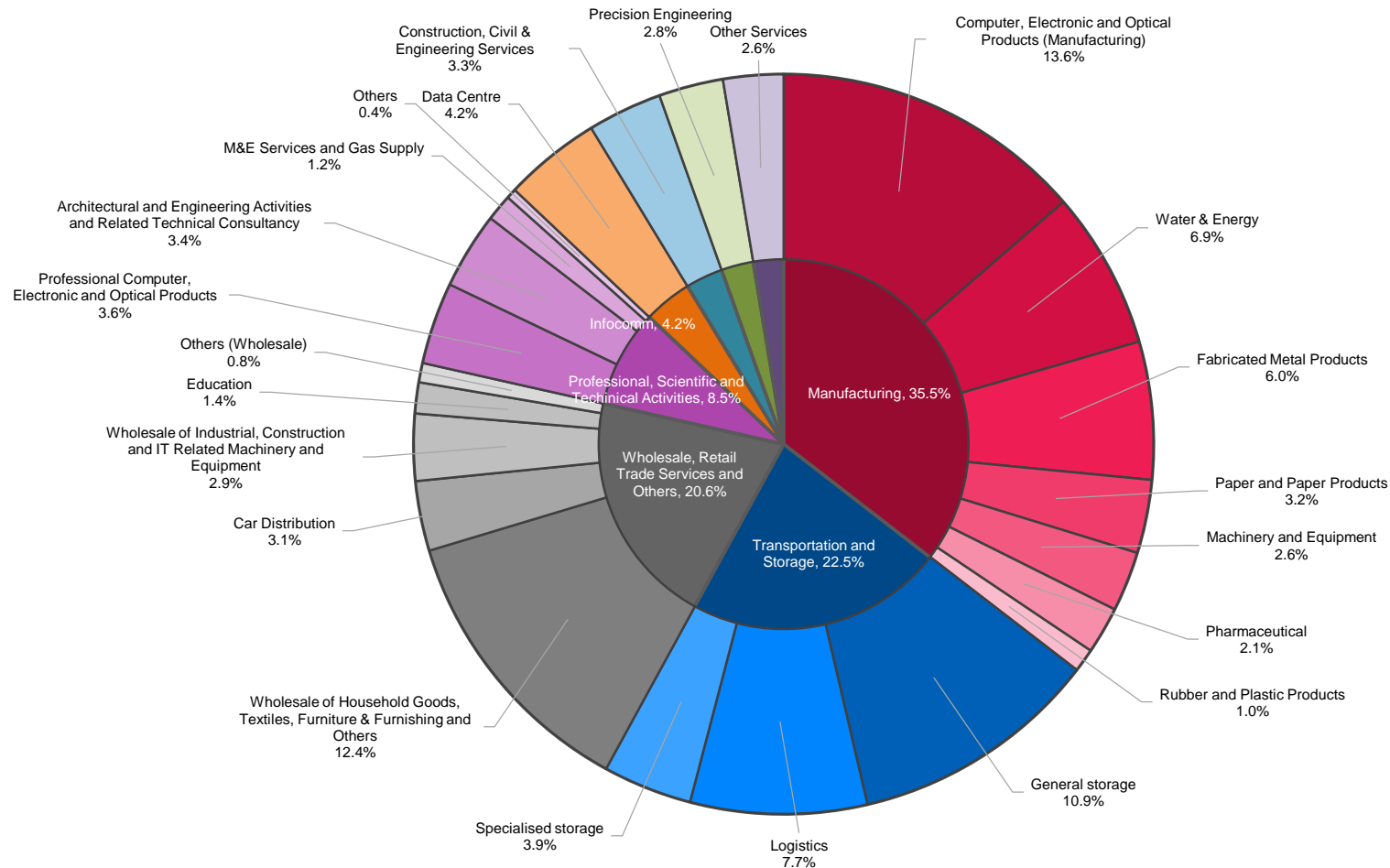
	As at 31 Mar 2018	As at 31 Dec 2017
Number of Properties	47	48
Valuation (S\$ million)	1,652.2 ⁽¹⁾	1,675.8 ⁽¹⁾
GFA (million sq ft)	9.7	9.9
NLA (million sq ft)	8.9	9.0
Weighted Average Lease Expiry (“WALE”) (years)	4.4	4.3
Weighted Average Land Lease Expiry (years)	33.5	33.8
Occupancy (%)	90.7 ⁽²⁾	93.0
Number of Tenants	194	207
Security Deposit (months)	7.0	7.0

Diversified Tenant Base and Trade Sectors

No individual trade sector accounts for more than 13.6% of ESR-REIT's Rental Income

Breakdown by Trade Sectors (by Rental Income)

(as at 31 Mar 2018)

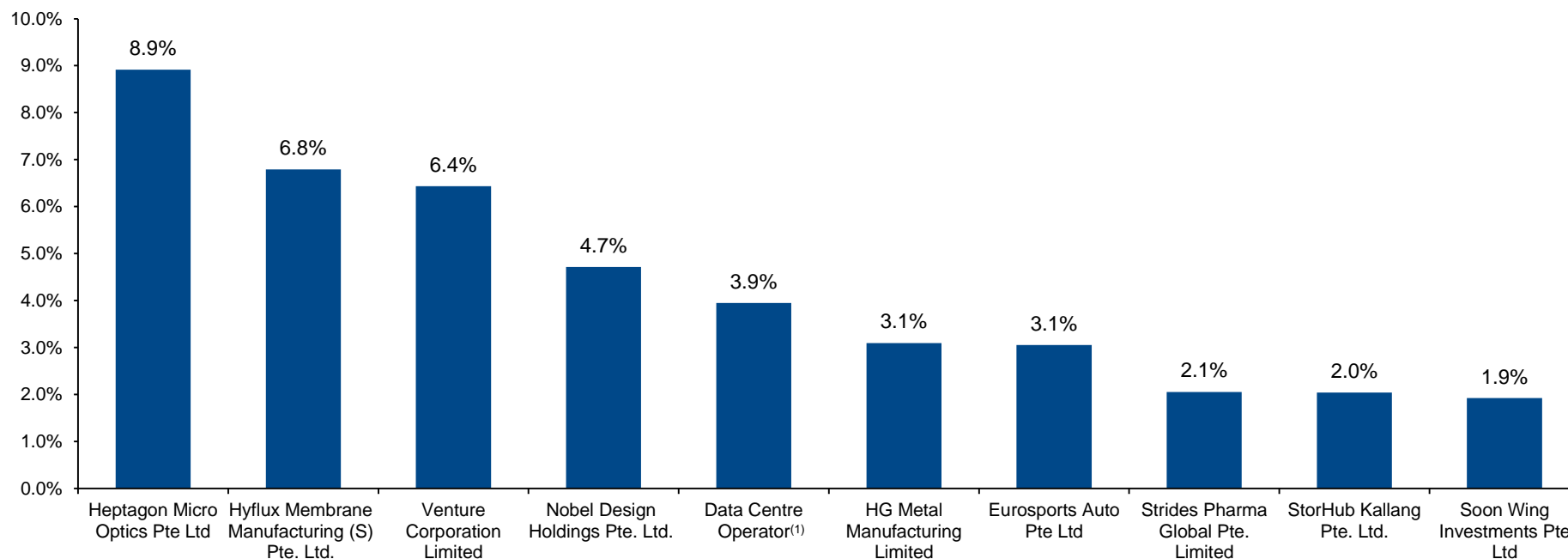


Quality and Diversified Tenant Base

Top 10 Tenants Account for 42.9% of Rental Income

Top 10 Tenants (by Rental Income)

(as at 31 Mar 2018)



Strides
Pharma



Note:
(1) Tenant cannot be named due to confidentiality obligations.

ESR: Strong Developer-Sponsor

- 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:



External Assets Under Management

>US\$11 billion

GFA

10 million sq metres in operation and under development

- With operations across China, Japan, Korea, Singapore and India, ESR has emerged as a leading 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
- In August 2017, SK Holdings made a strategic equity investment of USD 333 million for a 10% fully diluted stake in ESR

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

- A market leader in terms of new development starts over the last 24 months
- A top 5 institutional operator with an established and experienced team

Singapore

- Invested in ESR-REIT, an early industrial S-REIT player with >9m sq ft of GFA across key industrial zones
- c.13% 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, including Mumbai, Pune, Delhi, Chennai and Bangalore

Australia

- Entered Australia market in 2017 and became the largest shareholder of PropertyLink and Centuria Capital which collectively have over A\$6b of AUM

ESR's Key Client Network

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

- **Leading Pan-Asian** logistics real estate platform with **>US\$11.0bn AUM**
- ESR has c.80% stake in the REIT Manager, c.100% stake in Property Manager and a c.13% 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**



- 47 properties valued at S\$1.65 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 ≥13.6% of rental income
- **Healthy occupancy rate** of 90.7%⁽²⁾
- Healthy Portfolio WALE of 4.4 years
- Leases backed by **7 months security deposits**
- **Built-in rental escalations** provide organic 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

- Extensive network of 194 tenants
- Diversified across industries including: Logistics, Wholesale Trade, General Storage, Fabrication and Electronics
- Top 10 tenants account for 42.9% of rental income
- **Long lease terms** of 3-15 years provide **stability** for Unitholders, with in-built escalation
- **70.7% tenant retention rate**

- **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 4Q2018
 - **92.6% of interest rates fixed**
 - **100% of assets unencumbered**
- **Diversified sources of funding**, with **alternative pools of capital**

Important Notice

This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 31 March 2018.

Important Notice

The value of units in ESR-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 Funds Management (S) Limited ("**Manager**"), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-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-REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-REIT performance returns is historical and cannot be relied on as an indicator of future performance.

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This material 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 (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future ESR-REIT 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.

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