BUILDING STRONG FOUNDATIONS

ESR REIT

9th ANNUAL GENERAL MEETING

20 APRIL 2018

Contents

ESR REIT

Key Developments in FY2017

Transformational Corporate Developments

New Developer Sponsor

Majority shareholder and 2nd largest Unitholder; demonstrates alignment of interest

Name change to "ESR-REIT"

Signifies importance of ESR-REIT and ESR's commitment towards it as part of ESR's business activities and growth plans

Rejuvenated Board of Directors

Board comprises of industry veterans with industry network and expertise

Demonstrated Successful Capital Recycling

Divestments

- Lower-yielding non-core assets
- Each asset <S$25m in size

Acquisitions

- Higher-yielding value-adding assets
- Scalable with long-term growth prospects

Portfolio size +>24%

Pro-active Capital Management

- Gearing reduced from 39.6% (4Q2017) to 30.0% (1Q2018)
- Debt headroom of c.S$458.2m (1Q2018)
- Well-poised with financial flexibility for future acquisitions, organic growth and AEI opportunities

Successfully issued S$150.0m subordinated Perpetual Securities at 4.6% coupon in November 2017

Successfully completed S$141.9m Preferential Offering in March 2018, issuing 262.8m new units

- **Sponsor committed to take up to S$125.0m**
- **1.7x subscribed**

Our Long-Term Strategy

Optimising Unitholder Returns While Reducing Risks

Organic Growth

- AEIs 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

FY2017 Financial Performance

FY2017 At a Glance

Gross Revenue
S$109.7m

Net Property Income
S$78.4m

DPU (cents)
3.853

Total Assets
S$1.70bn[1]

NAV Per Unit (Cents)
59.3

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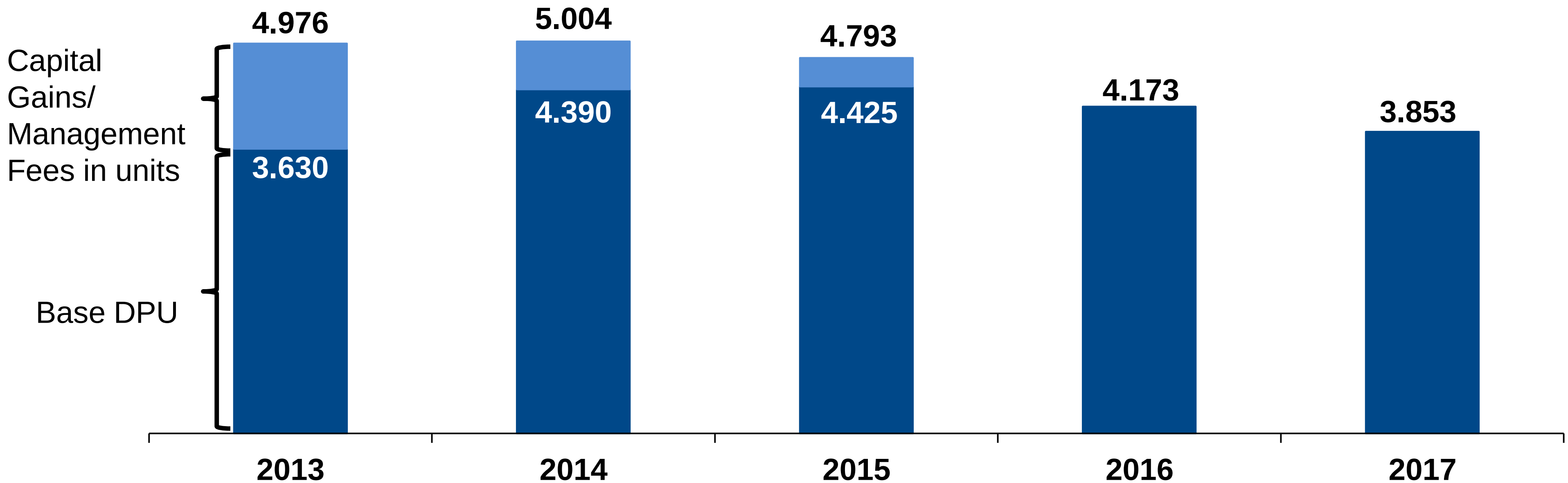
Note:
(1) Includes valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis, of which ESR-REIT has 80% economic interest.

DPU Profile Over Last 5 Years

- From FY2013 - FY2015, headline DPU was higher
  - Capital gains paid out and management fees paid in units
- Since FY2016, distributions has been based on earnings
  - Narrowed gap between earnings per unit and DPU
- Conversion of STBs to MTBs has negatively impacted DPU in recent years
  - Reduced revenue and increased property expenses

Five-Year Distribution Per Unit (cents)



FY2017 Financial Results

- **Gross Revenue and NPI were 2.1% and 4.7% lower respectively due to:**
  1. **Full year impact of leases converted in prior year**
  2. **Higher operating expenses from lease conversions during FY2017**
  3. **Offset by partial benefit from 8 Tuas South Lane ("8 TSL") and 7000AMK acquisitions**
- **DPU impacted by master lease conversions, property divestments, higher property expenses offset by leasing up and contributions from new acquisitions**

	FY2017 (S$ million)	FY2016 (S$ million)	YoY (%)
Gross Revenue	109.7	112.1	(2.1)
Net Property Income	78.4	82.3	(4.7)
Distribution Per Unit ("DPU") (cents)	**3.853**	**4.173**	**(7.7)**

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Balance Sheet Summary

Main changes to the Balance Sheet:

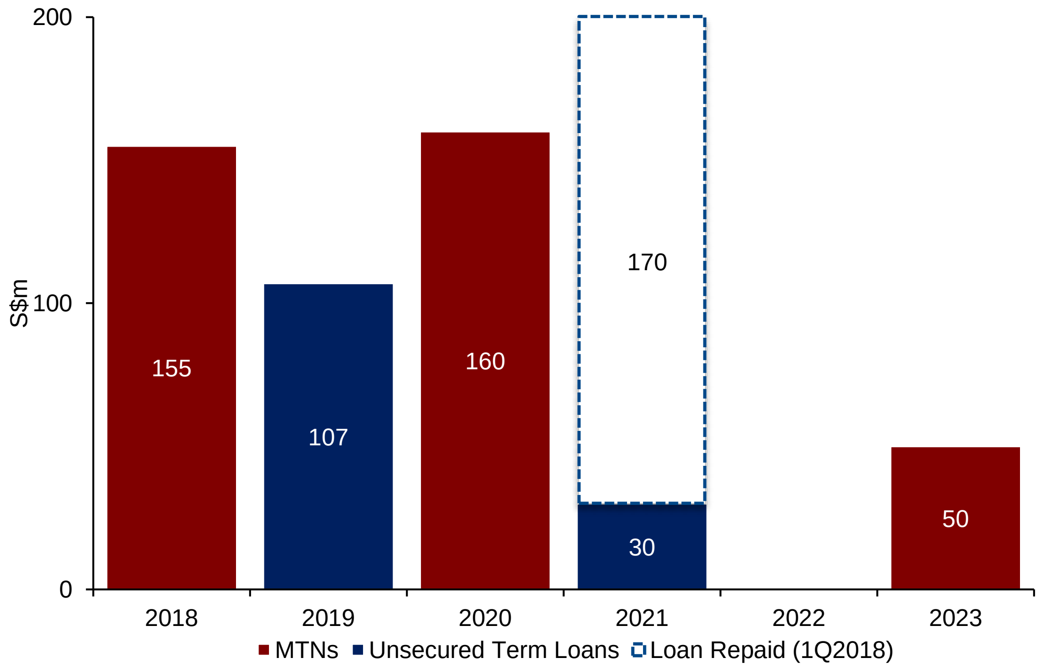
- **Investment Properties up by 24% mainly due to the 2 new acquisitions in December 2017**
- **Borrowings increased from S$512.5 million to S$672.0 million to fund new acquisitions**
- **At 1Q2018, Preferential Offering completed and total debt reduced to S$502.0 million**
- **Perpetual Securities of S$150.0 million issued in November 2017**
- **Unrealised revaluation loss of 3.1% on a like-for-like basis reduced NAV per unit**

	31 Dec 2017 (S$ million)	31 Dec 2016 (S$ million)
Total Assets	1,695.8	1,367.0
Total Liabilities	765.8	540.0
Net Assets Attributable to:		
- Perpetual Securities Holders	151.1	-
- Unitholders	778.9	827.0
No. of Units Issued (million)	1,313.6	1,304.4
NAV Per Unit (cents)	**59.3**	**63.4**

Prudent Capital and Risk Management

- **Low gearing of 30.0%, post EFR in 1Q2018**
- **100% unencumbered portfolio**
- **No refinancing due till 4Q2018**
- **Undrawn available committed RCF of S$213.0m (1Q2018)**

Debt Maturity Profile



	4Q2017	1Q2018
Total Debt (S$m)	672.0	502.0
Debt to Total Assets (%)	39.6	30.0
Weight Average all-in Cost of Debt (%) p.a	3.55	3.75
Interest Coverage Ratio (times)	3.5	3.6
Interest Rate Exposure Fixed (%)	69.2	92.6
Available Committed Facilities (S$m)	43.0	213.0

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Financial Flexibility Given Low Gearing and Available Undrawn RCF

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

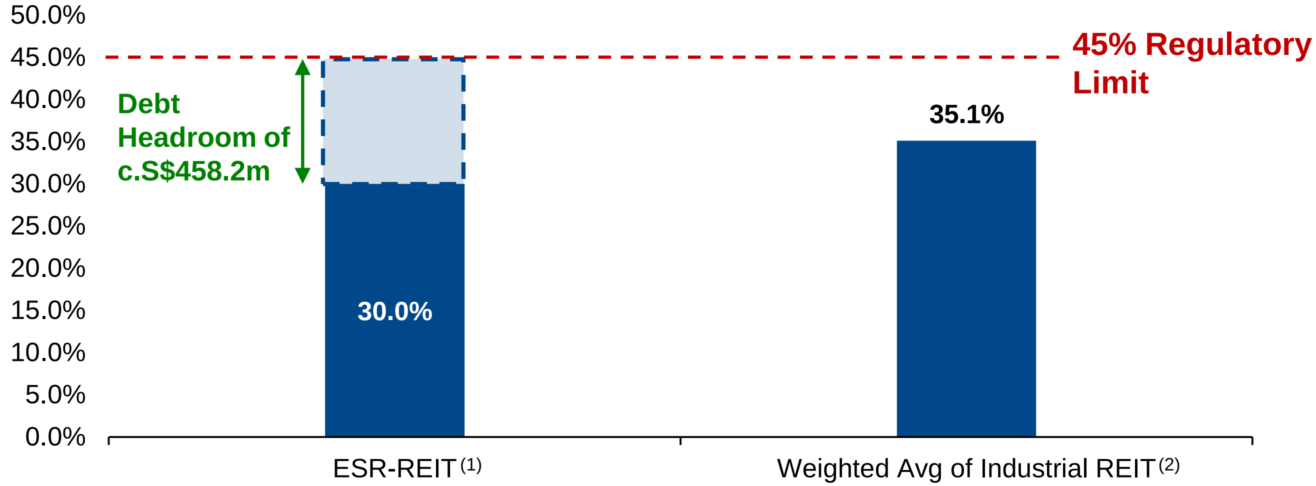
– Undrawn available RCF of S$213.0m

Financial flexibility enables the REIT to be well poised for future growth

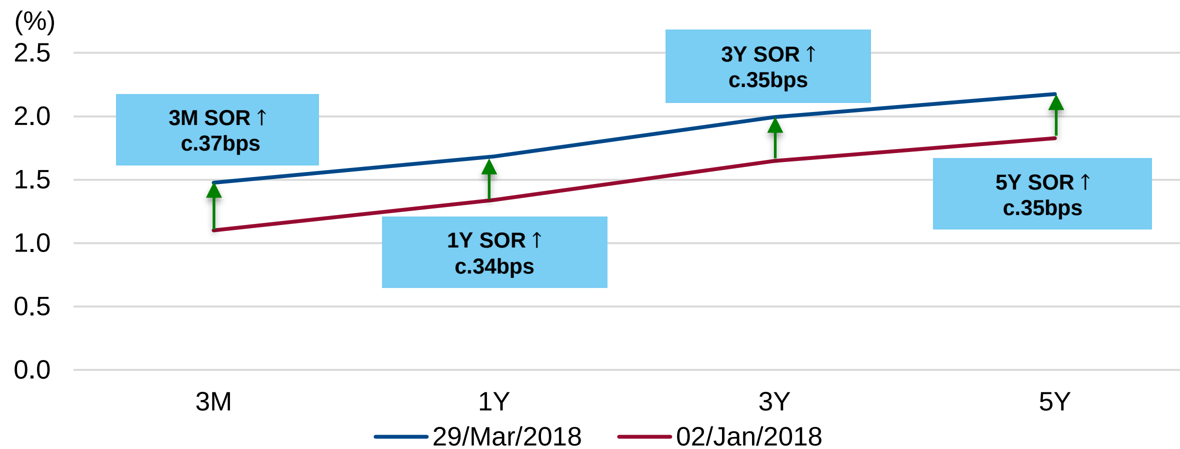
Base SOR rates have increased by c.35bps

– 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.

Real Estate Highlights

Real Estate Portfolio Highlights

48

properties across 5 different sub-asset classes

Total GFA of approximately

9.9 million sq ft

Portfolio valued at

S$1.68 billion

▲ **23.8%** Due to new acquisitions

Portfolio occupancy of

93%

Above JTC Average of 88.9%

Weighted Average Lease Expiry of

4.3 years

Renewed and leased

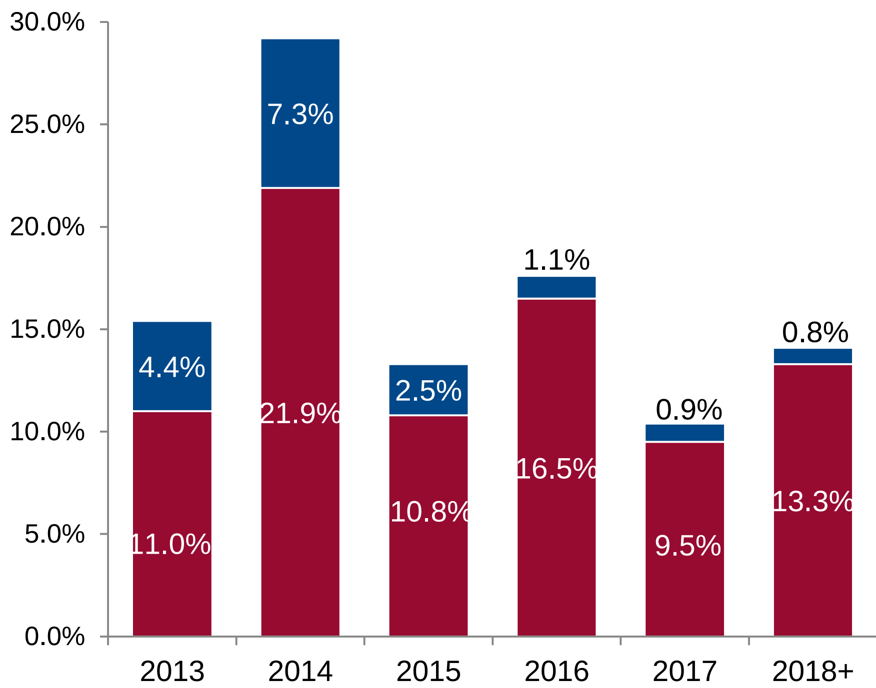
c.1.2 million sq ft

Note: Company filings as at 31 December 2017.

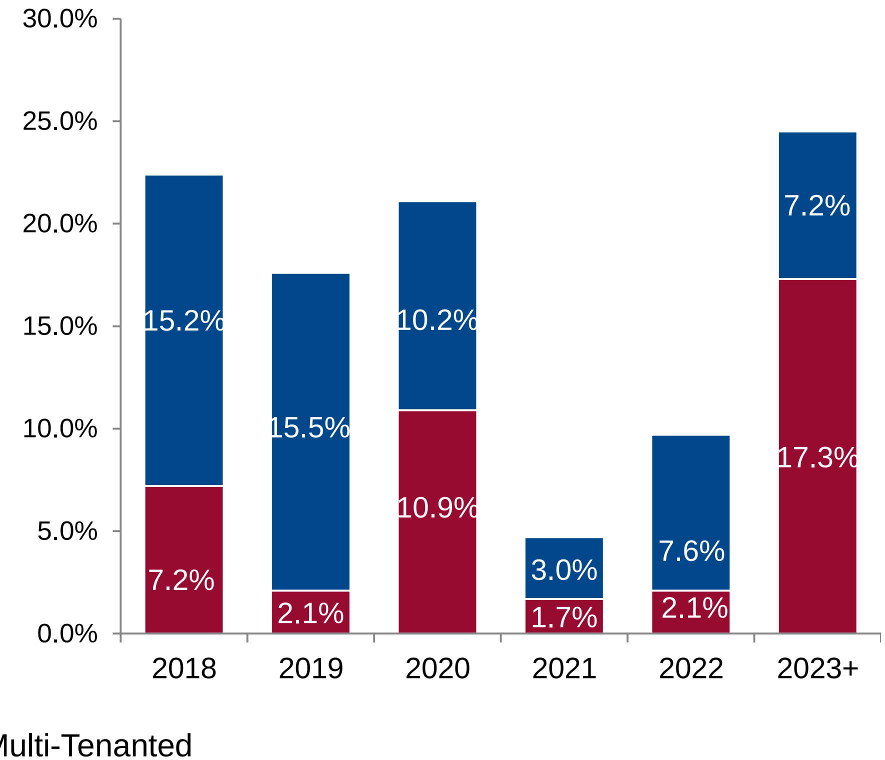
Pro-active Lease Management

- **In 2013 almost 44% of income expiring by way of single tenanted leases in the next 3 years**
- **Today only 20% of single tenanted leases are expiring in the next 3 years**

WALE by Rental Income (as at 31 Dec 2012)



WALE by Rental Income (as at 31 Dec 2017)

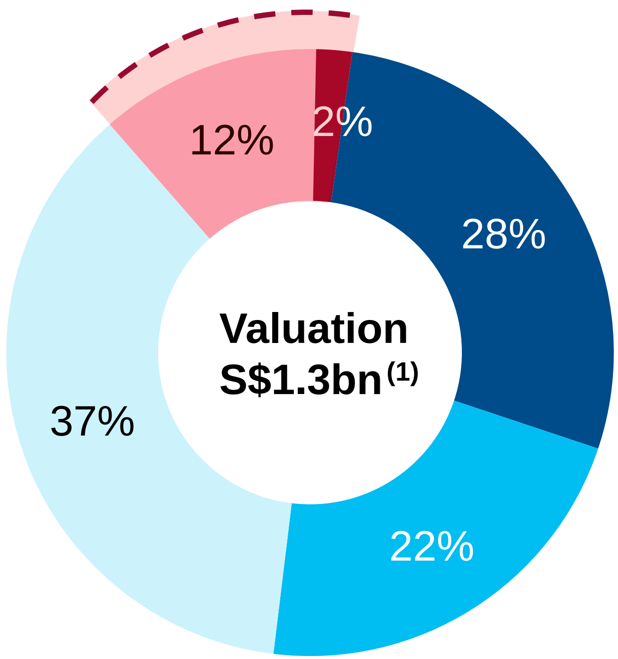


Portfolio Enhanced with Addition of New Assets

- **Increased exposure to tenants from High-Specs and Business Park sectors from 14% to 25%**

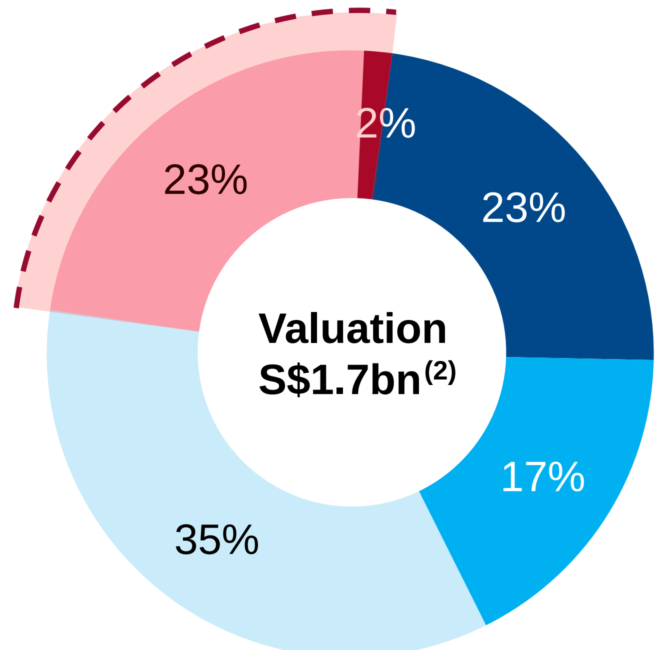
Pre Acquisition of 8 TSL and 7000AMK[1]

High-Specs / Business Park
c.14% (S$0.2bn)



Post Acquisition of 8 TSL and 7000AMK[2]

High-Specs / Business Park
c.25% (S$0.4bn)



High-Specs Industrial | Business Park | Logistics/Warehouse | Light Industrial | General Industrial

Notes:
(1) As at 30 Sep 2017.
(2) As at 31 Dec 2017.

Acquisitions in FY2017

8 Tuas South Lane

Benefits of the Acquisition

- ☑ Broadens portfolio and tenant base
- ☑ 15 years lease including built-in rental escalation
- ☑ Potential to tap on to the future Tuas Megaport
- ☑ Increases portfolio WALE

7000 Ang Mo Kio Avenue 5

Benefits of the Acquisition

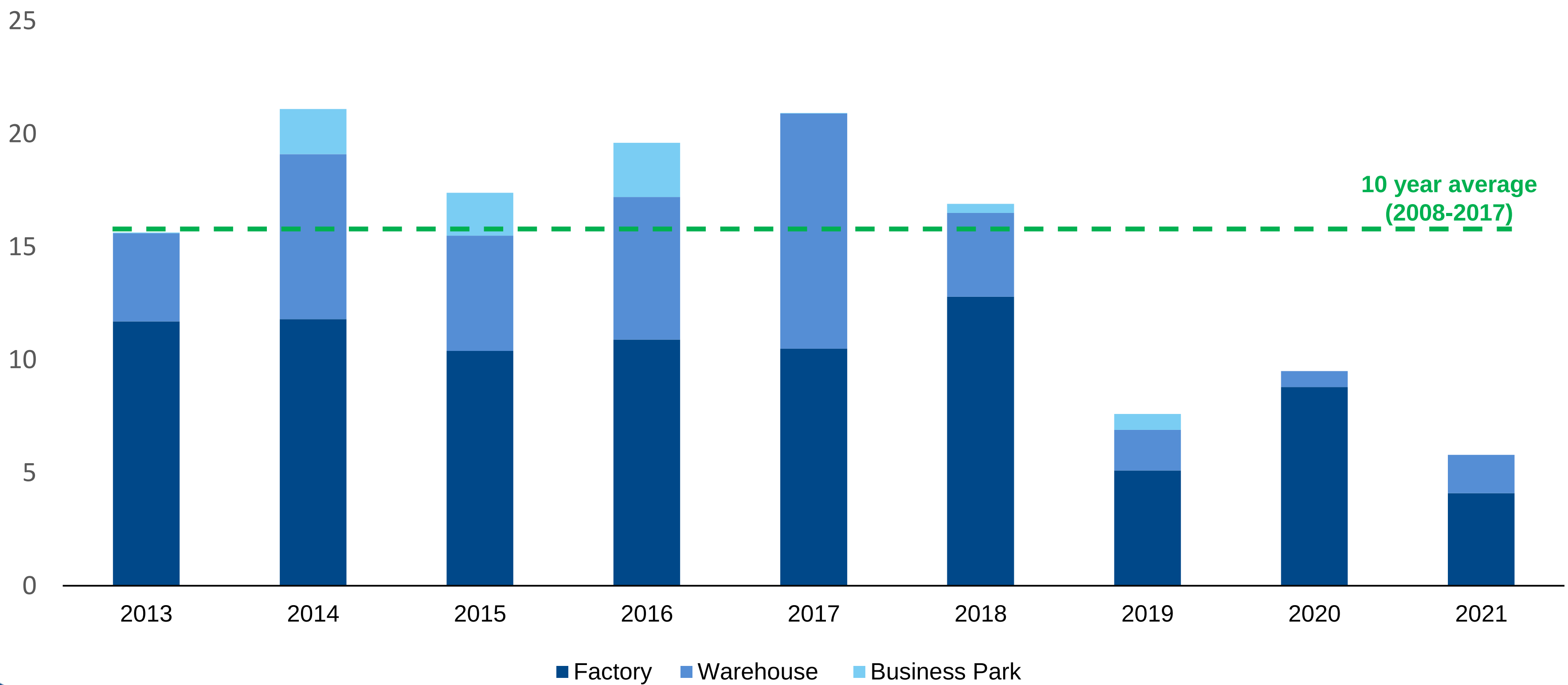
- ☑ Income diversification and enlarged tenant base
- ☑ Includes high-value added manufacturers, data centre operator, power and utilities and telecommunications companies
- ☑ Increases portfolio WALE – asset has WALE of 5.5 years
- ☑ Potential upside from developing un-utilised plot ratio (c.495,000 sq ft)

Looking Ahead

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 for 2019 onwards**

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



Note:
(1) Based on data from CBRE.

Looking Ahead

1

Market conditions remain challenging but we remain cautiously optimistic

- Continue to build on the strong foundations established in 2017
- 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 (1Q2018)
- Undrawn available committed RCF of S$213.0m (1Q2018)

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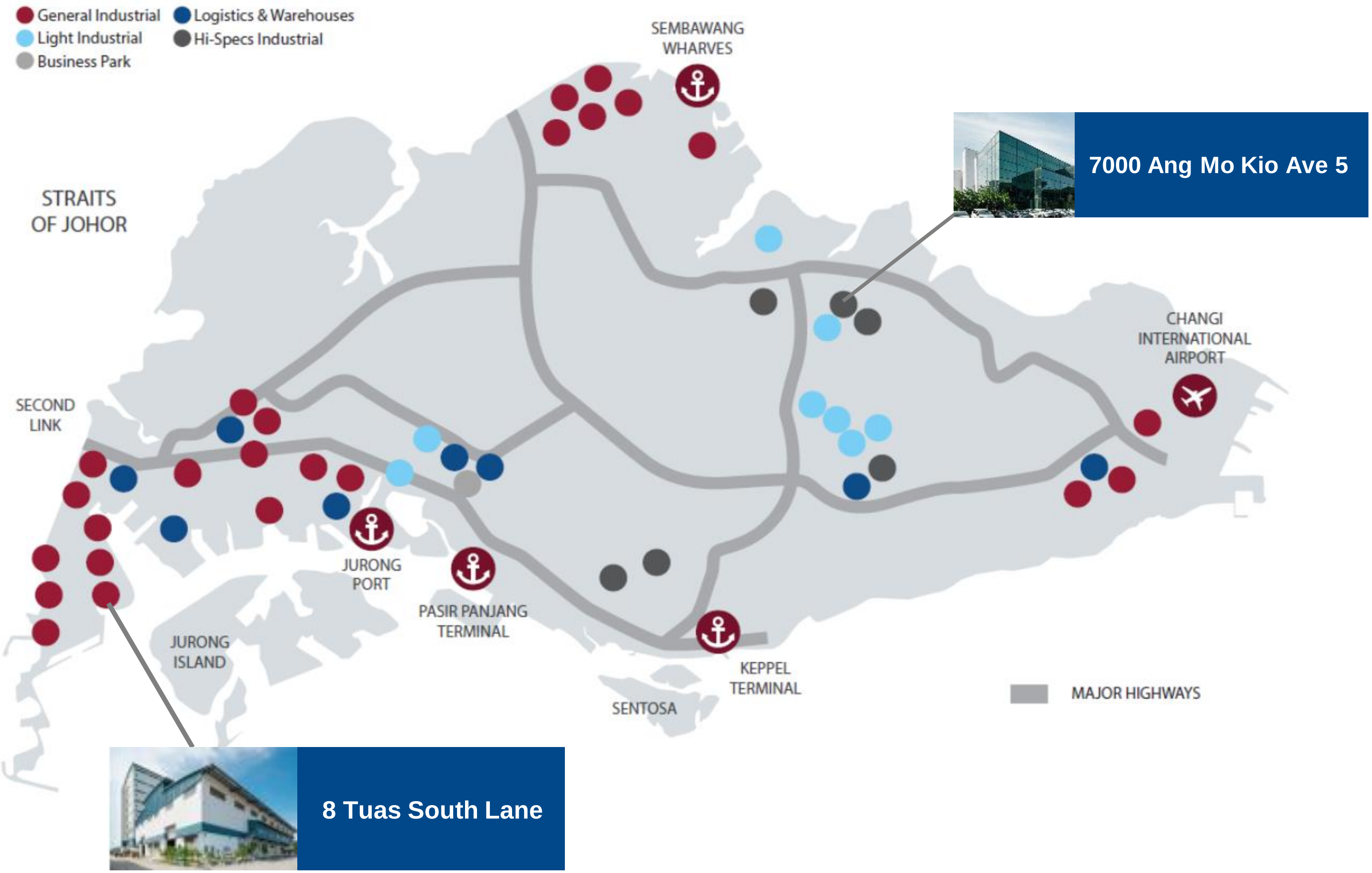
Appendix

ESR-REIT Portfolio

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



Notes: Portfolio details as at 31 March 2018.

Larger and Yield-Accretive Acquisitions

Two acquisitions of c.S$346.1m conducted in 2017 boosted portfolio by >24%

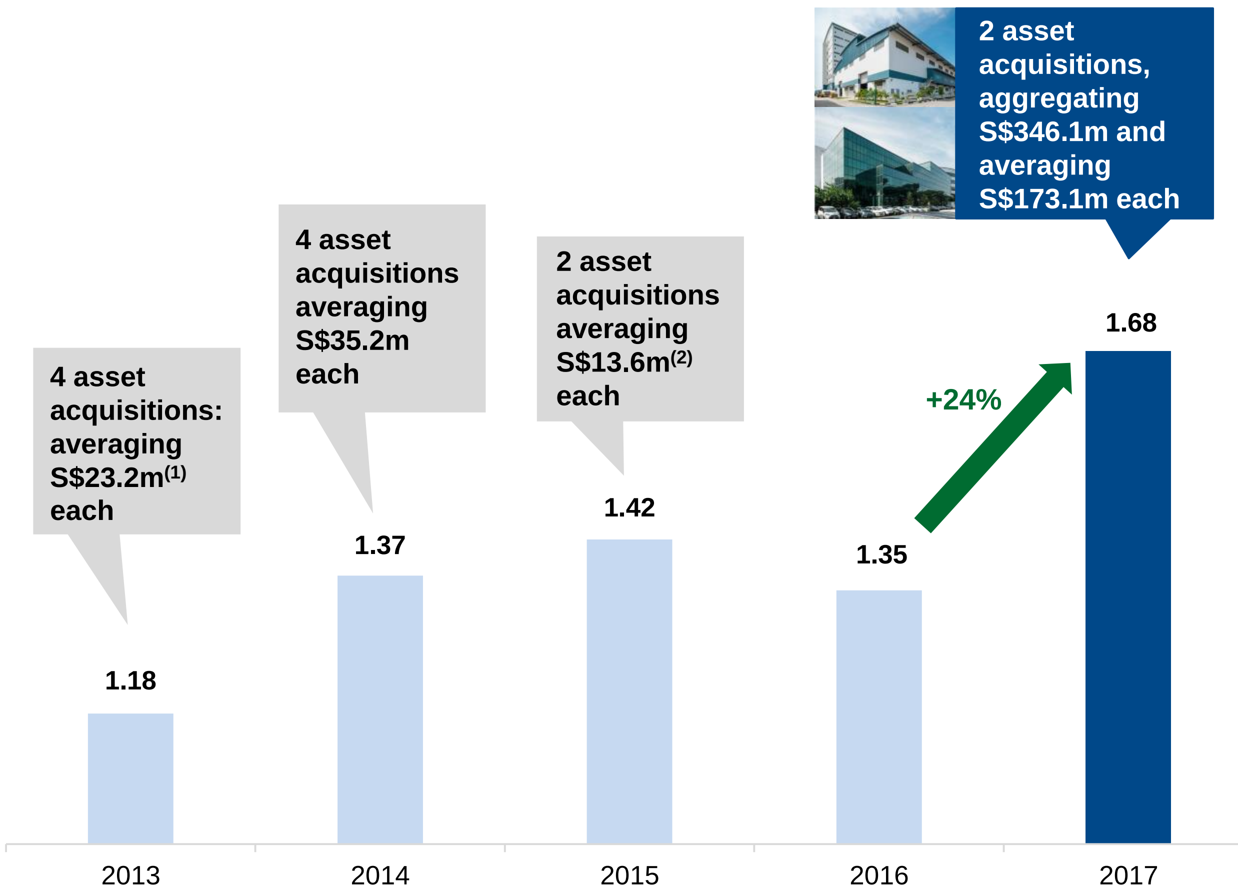
- 7000 AMK acquisition (c.S$303m on a 100% basis) is REIT's largest acquisition since IPO

Facilitated by obtaining General Mandate at 2017 AGM

- Demonstrates Unitholder's support for REIT's growth strategy

Acquisitions are larger in size and yield accretive, future acquisitions expected to be of similar nature

Portfolio Valuation Over Time (S$billion)



Note:
(1) Includes the $15.0m acquisition of a 60% economic interest in 3 Tuas South Avenue 4. The asset's remaining 40% stake was held by Oxley Projects Pte Ltd.
(2) Includes the $11.0m acquisition of remaining 40% economic interest in 3 Tuas South Avenue 4 from Oxley Projects Pte Ltd.

Key Portfolio Statistics

	As at 31 Dec 2017	As at 30 Sep 2017
Number of Properties	48	48
Valuation (S$ million)	1,675.8[(1)]	1,332.0
GFA (million sq ft)	9.9	8.2
NLA (million sq ft)	9.0	7.6
Weighted Average Lease Expiry ("WALE") (years)	4.3	3.4
Weighted Average Land Lease Expiry (years)	33.8	33.1
Occupancy (%)	93.0	91.1
Number of Tenants	207	206
Security Deposit (months)	7.0	8.0

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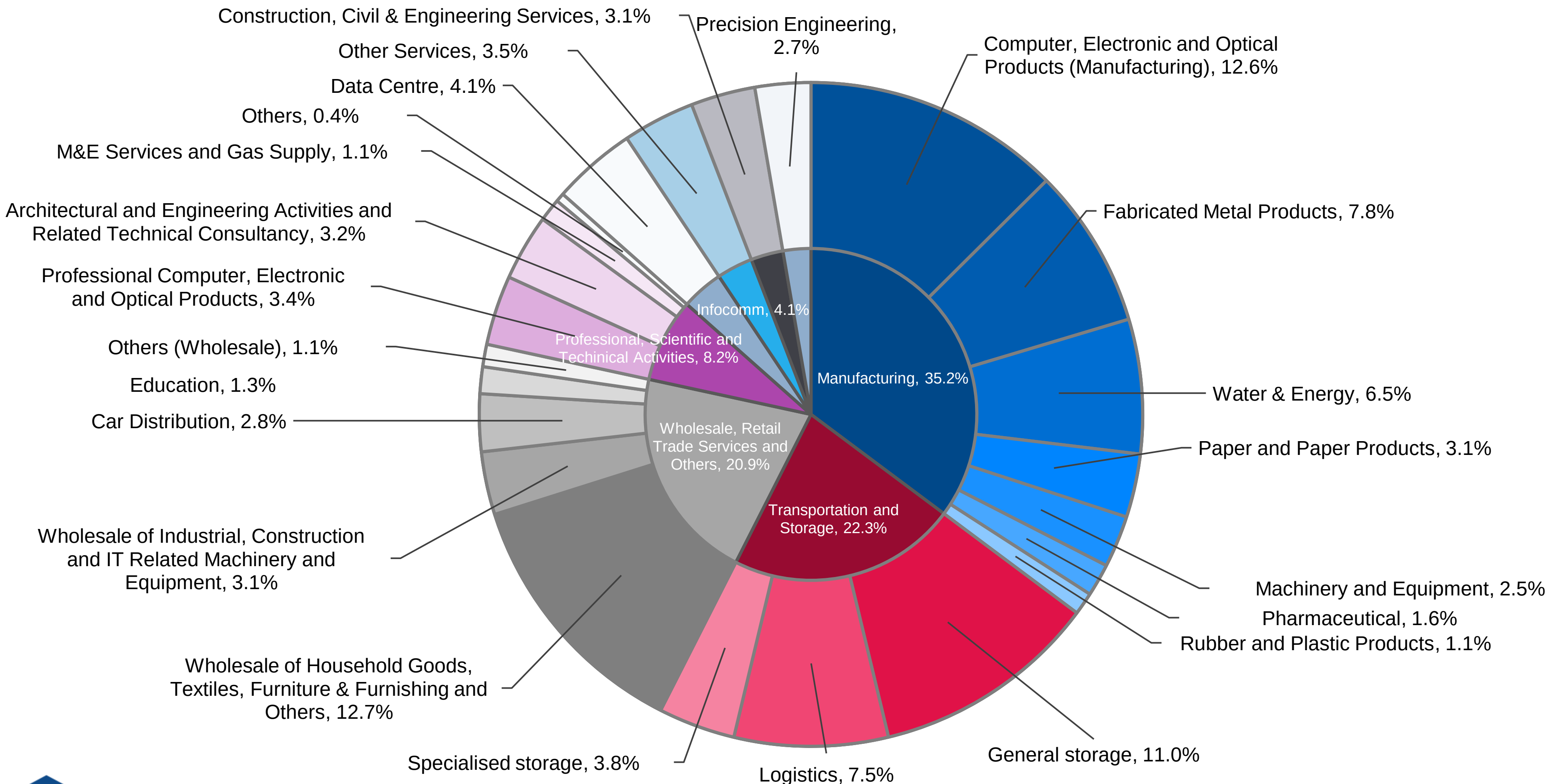
Note:
(1) Includes valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis, of which ESR-REIT has 80% economic interest.

Diversified Tenant Base and Trade Sectors

No individual trade sector accounts for more than 12.7% of ESR-REIT's Rental Income

Breakdown by Trade Sectors (by Rental Income)

(as at 31 Dec 2017)

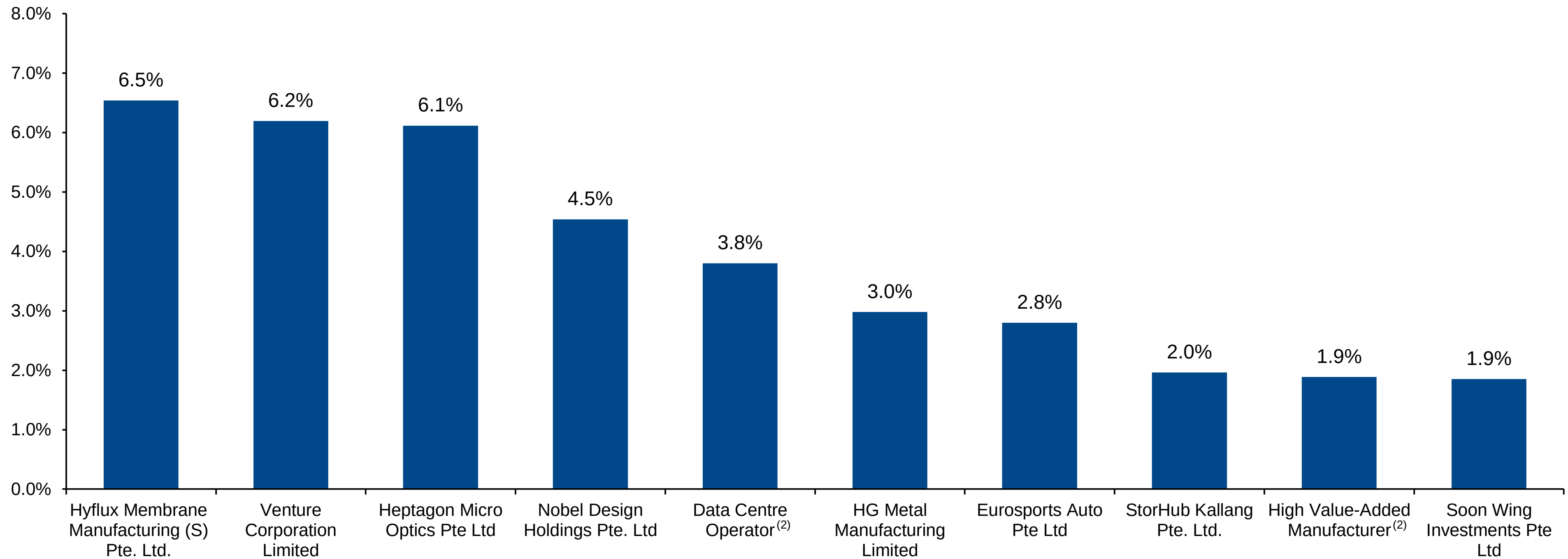


Quality and Diversified Tenant Base

Top 10 Tenants Account for 38.7% of Rental Income

Top 10 Tenants (by Rental Income)(1)

(as at 31 Dec 2017)



Note:

(1) Excludes Tellus Marine Engineering Pte Ltd as the lease has been pre-terminated in January 2018.

(2) 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:

Equity Investors	Warburg Pincus, Goldman Sachs, apg, SK, StepStone, State Street Global Advisors

Fund Level Investors	CPP Investment Board, 中国平安 Ping An, PGGM, State Oil Fund of the Republic of Azerbaijan

- 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

External Assets Under Management

>US$11 billion

GFA

10 million sq metres in operation and under development

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

Note: Information above as of 31 March 2018.

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:

Collaborations with 3PLs / Logistics Operators

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

DHL[(1)] UPS[(1)] FedEx[(1)]

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:

Diversified Customer Source | **Broad Offering to Clients** | **Economies of Scale**

Note:
(1) Former clients of Redwood founders.

Important Notice

This material shall be read in conjunction with ESR-REIT's results announcements for the financial period ended 31 December 2017.

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