

# ESR-LOGOS REIT

14<sup>th</sup> Annual General Meeting

26 April 2023



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# FY2022 Performance Highlights

19 Tai Seng Avenue | Logistics & Warehouse

# FY2022 Key Highlights

E-LOG Delivered 3.00 Cents DPU in FY2022 with Strong Operational Metrics and Stable Capital Structure

## Financial Performance



Distribution per Unit

**3.000 cents**

+0.4% y-o-y

+7.5% (2H2022 vs 2H2021)

NAV per Unit

**36.4 cents**

-8.1% y-o-y

Total Assets

**S\$5.7 billion**

(FY2021: S\$3.3 billion)

## Asset Management



Positive Rental Reversion

**+11.8%**

(FY2021: -1.7%)

Occupancy Rate

**92.7%**

(FY2021: 93.7%)

Significant New Economy Exposure

**62.8%**

(FY2021: 41.5%)

## Investment Management



Acquisitions

1. *ARA LOGOS Logistics Trust Merger*

2. *ESR Sakura Distribution Centre, Tokyo, Japan*

Divestments

*c.S\$150 million of assets at weighted avg. premium of 14.9% above valuation*

AEIs/Redevelopments

*1x AEI completed*

*2x AEIs in progress*

*1x New Redevelopment*

## Capital Management



Gearing

**41.8%**

High Proportion of Fixed Rate Debt

**72.0%**

Cost of Debt

**3.66%**

(FY2021: 3.27%)

Refinancing Managed

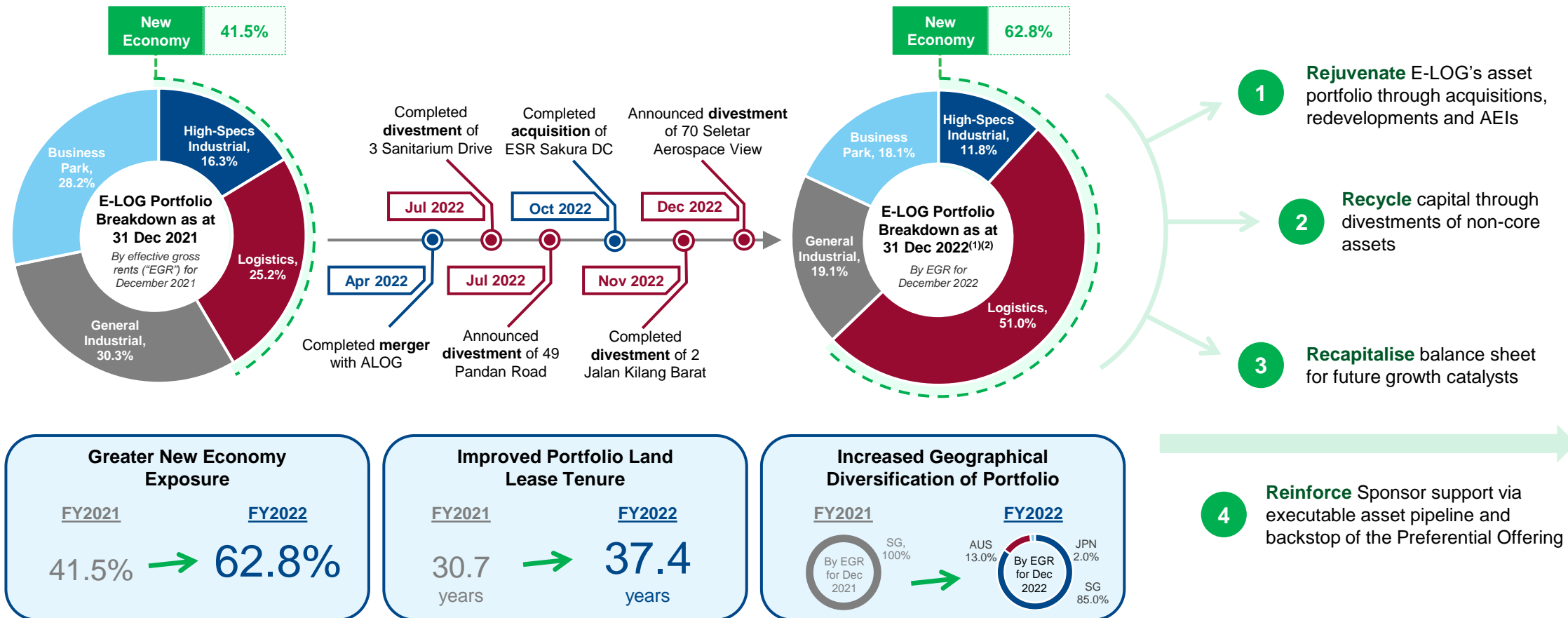
**S\$320.4m** of committed available RCF for refinancing



# E-LOG's Successful Execution of Strategic Initiatives in FY2022 to Create a Leading APAC New Economy REIT

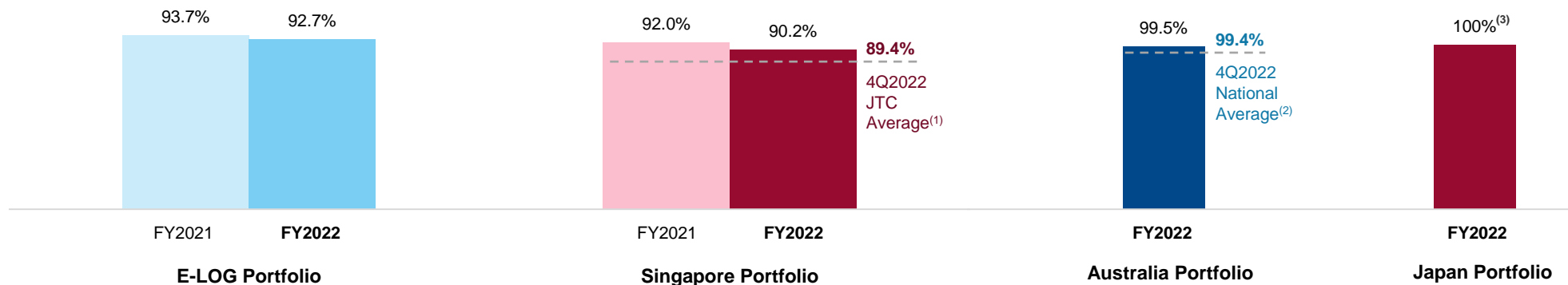
## Key Strategic Initiatives in FY2022

## Strategic Direction of E-LOG to Create a Leading APAC New Economy REIT

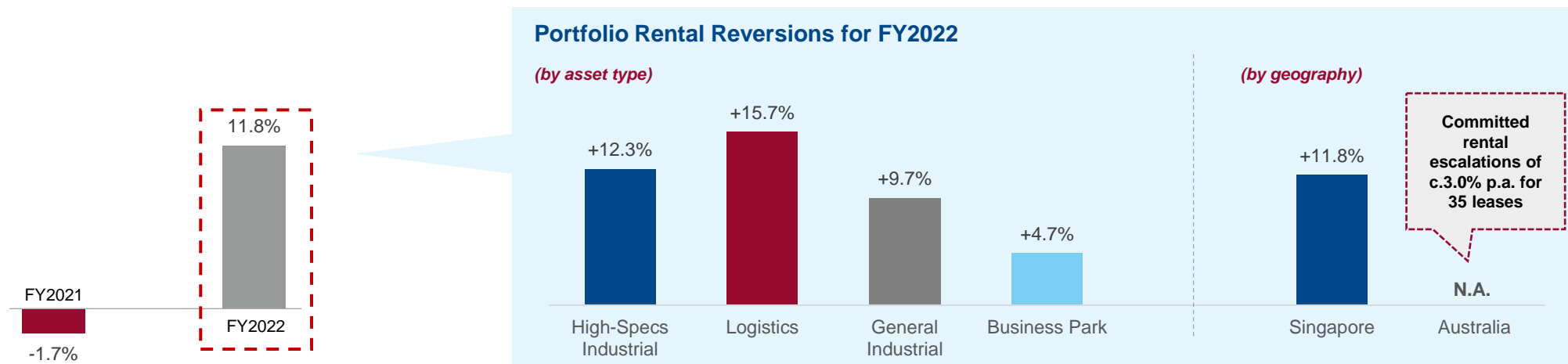


# Sustainable Demand and Continued Tight Supply Driving Positive Rent Reversion with Room for Occupancy Growth

Stabilised Occupancy Consistently Above Industry Average



Portfolio Recorded +11.8% Positive Rental Reversions in FY2022



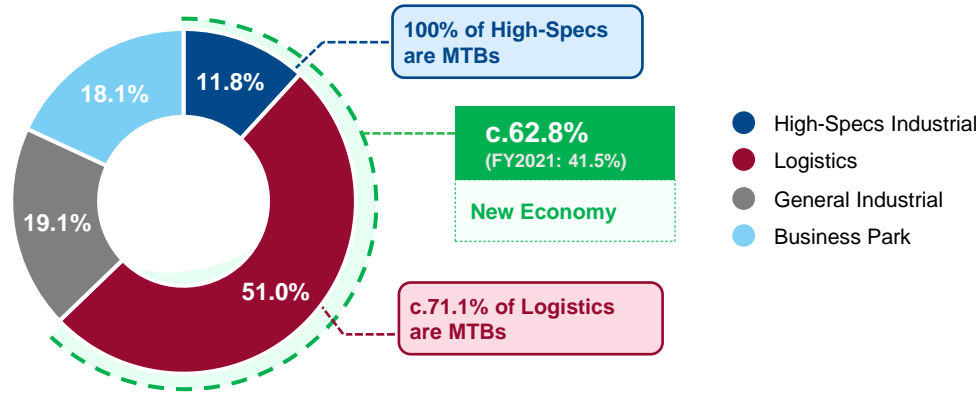
...with Logistics & High-Specs segment driving space demand

# Multi-Tenanted Leases in New Economy Assets Provide Potential for Organic Rental Growth given Positive Sector Demand and Supply Dynamics

## E-LOG Asset Class Breakdown

(by Rental Income)

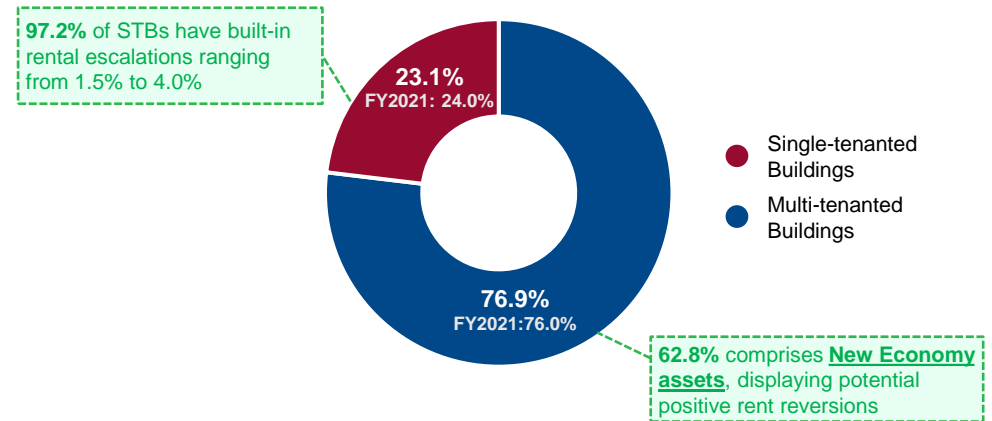
62.8% of portfolio in new economy sectors, with majority being multi-tenanted leases



## E-LOG STB and MTB Breakdown

(by Rental Income)

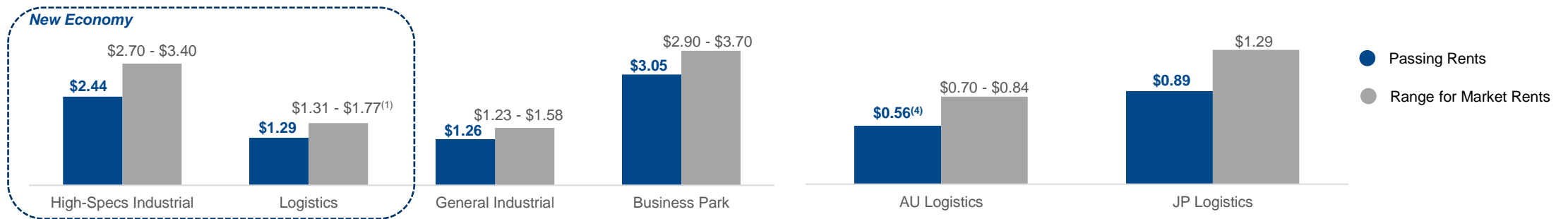
Portfolio multi-tenanted leases have potential positive rent reversions, while single tenanted leases have built-in rental escalations



## 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



# Proactive Lease Management

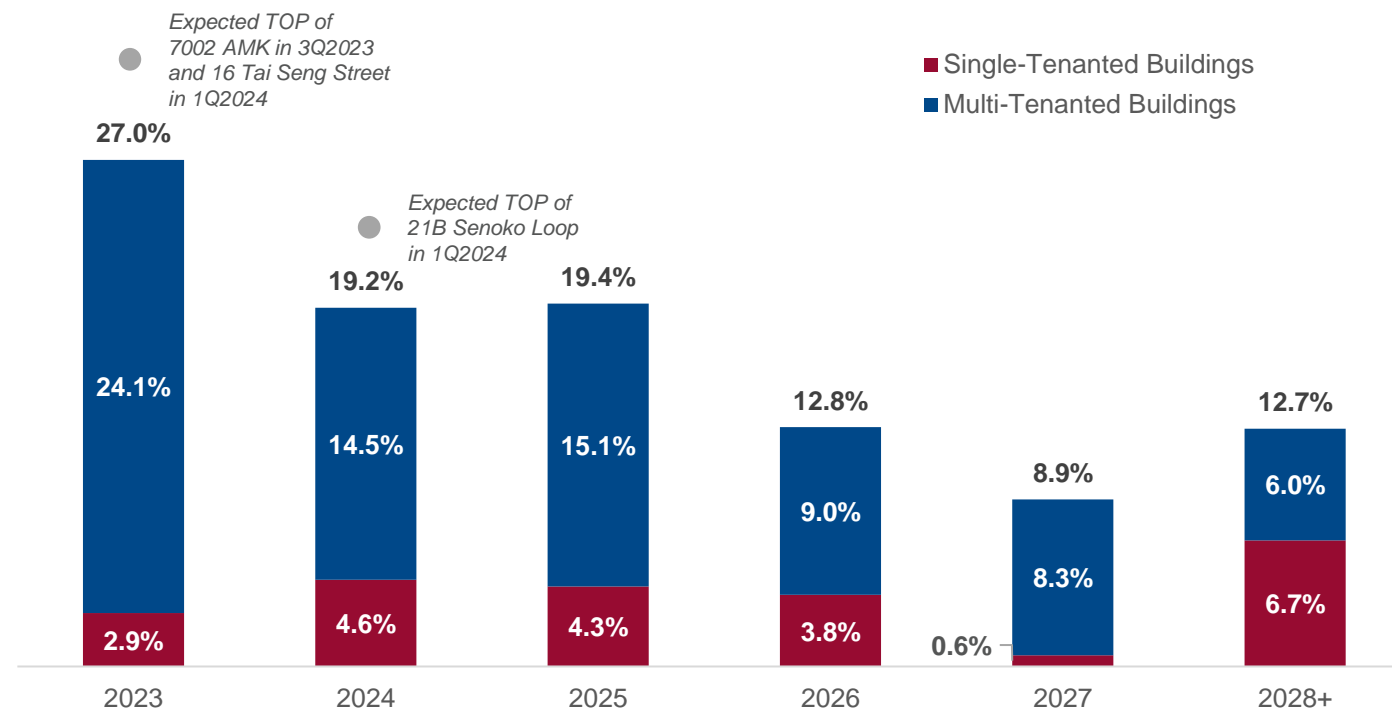
## Well-Staggered Lease Expiry Profile, with Strong Rental Collections

### Leasing Metrics for FY2022

Renewals [A]	373,650 sqm (72.3% of Total Leases Secured)
New Leases [B]	142,851 sqm (27.7% of Total Leases Secured)
Total Leases Secured [A+B]	516,501 sqm
Retention Rate	69.3%
WALE	3.2 years (FY2021: 2.7 years)
Rental Collection	Approximately 98% of total receivables

### Lease Expiry Profile

Portfolio has a WALE of 3.2 years as at 31 Dec 2022





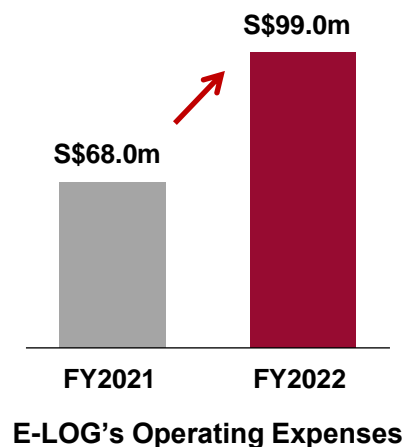
# Operating Expenditure Pressures Have Been Managed

Actions Have Been Taken to Mitigate Utility and Operating Cost Pressures, Resulting in Stable NPI Margins on a Diversified Larger Portfolio

Operating expenses have risen due to the merger, rising cost of utilities and inflationary pressures...

Rising Cost of Utilities

Inflationary Pressures

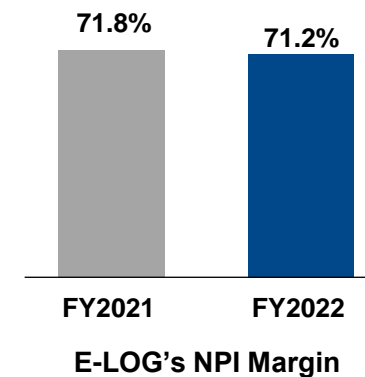


Actions have been taken to mitigate the impact of rising cost of utilities and inflationary pressures

1 >90% of portfolio utilities expense are on pass-through cost recovery basis  
*From 1 July 2022 onwards*

2 Service charge increased by c.15%  
*For selected assets across portfolio from October 2022*


Despite external pressures, E-LOG's diversified and larger portfolio has resulted in stable NPI margins



# Redevelopments and AEs

## Value Creation with Redevelopments and AEs

Timeline and costs for the redevelopment and AEs are on track for completion

	Redevelopment	AEI	AEI	AEI
	21B Senoko Loop	7002 Ang Mo Kio Ave 5	16 Tai Seng St	53 Peregrine Dr
				
Estimated Cost	Approx. S\$38.5 million	Approx. S\$53.3 million <sup>(1)</sup>	Approx. S\$32.0 million <sup>(2)</sup>	Approx. A\$19.2 million
Estimated Yield on Cost	Approx. 6.6%	Approx. 7.1%	Approx. 6.0%	Approx. 7.5%
Details of the Redevelopment/AEI	Conversion from a general industrial building to a high-specs property	Creation of standalone block to maximize plot ratio	Creation of additional floor to maximize plot ratio	Creation of additional warehouse and hardstand
Description	Master leased to NTS Components Singapore Pte Ltd ("NTS"). Planned for Green Mark Gold Certification.	Marketing in progress for potential data centre and other high-specifications end users. Planned for Green Mark Gold Certification.	Anchor tenant in Food Industry will occupy the first floor of the Property. Planned for Green Mark Gold Certification.	Fully leased to the incumbent tenant, ACFS Port Logistics Pty Ltd ("ACFS"). Planned for Green Star Certification.
Expected Completion Date	1Q2024	3Q2023	1Q2024	4Q2022
% Completed <sup>(3)</sup>	Approx. 26%	Approx. 40%	Approx. 9%	Completed

# Non-Core Asset Divestments

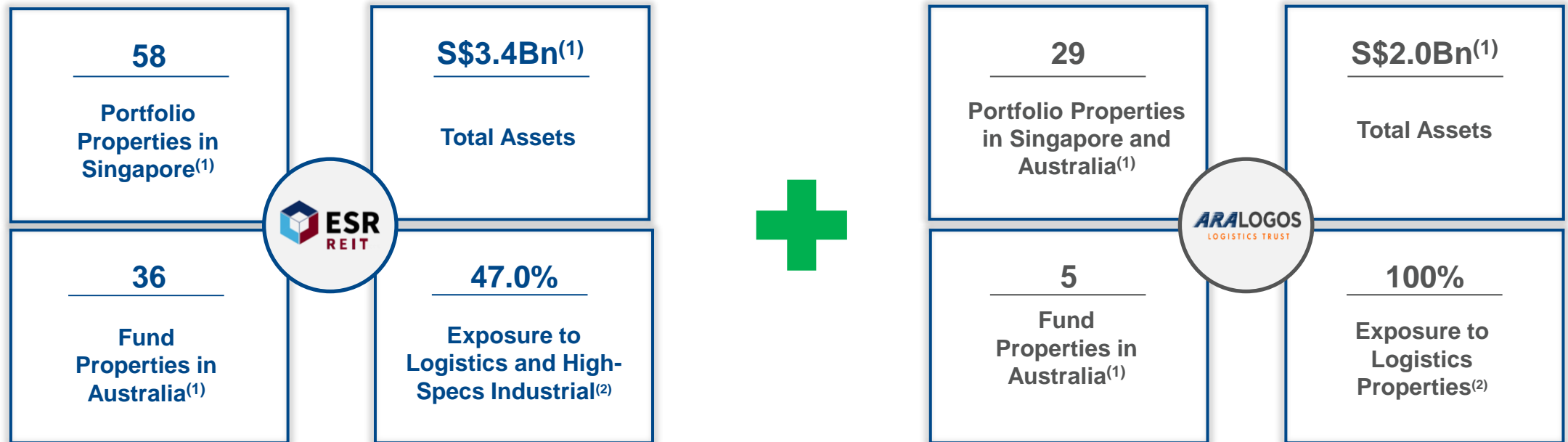
Divestments Executed At Weighted Average Premium of 14.9%



	28 Senoko Drive, Singapore	3 Sanitarium Drive, Australia	2 Jalan Kilang Barat, Singapore	Pandan Logistics Hub, Singapore	70 Seletar Aerospace View, Singapore
<b>Asset Type</b>	General Industrial	General Industrial	High-Specs	Logistics	General Industrial
<b>Gross Floor Area</b>	14,803 sqm	27,762 sqm	7,679 sqm	30,575 sqm	4,992 sqm
<b>Valuation</b>	S\$13.1 million <sup>(1)</sup>	A\$46.4 million <sup>(2)</sup>	S\$29.0 million <sup>(3)</sup>	S\$37.8 million <sup>(4)</sup>	S\$6.8 million <sup>(5)</sup>
<b>Sale Consideration</b>	S\$12.0 million	A\$55.0 million	S\$35.3 million	S\$43.5 million	S\$7.1 million
<b>Divestment Premium</b>	-8.4%	18.5%	21.7%	15.1%	4.8%
<b>Remaining Term of Lease</b>	18.0 <sup>(6)</sup>	Freehold	39.8 years <sup>(7)</sup>	17.0 years <sup>(8)</sup>	19 years <sup>(9)</sup>
<b>Acquisition Date</b>	25 June 2007	15 February 2018	25 July 2006	3 July 2012	22 November 2012
<b>Expected Completion Date</b>	Completed	Completed	Completed	Completed	2Q2023

# Merger with ARA LOGOS Logistics Trust

Increased Exposure to Sustainable In-Demand New Economy Properties and Strategic Presence in Australia's Attractive Logistics Market



Creating a Leading New Economy and Future-Ready APAC S-REIT with Transformational Scale



# Acquisition: ESR Sakura Distribution Centre

## Maiden Entry into Japan via Acquisition of ESR Sakura DC

- On 12 October 2022, 99.67% of Unitholders approved the Acquisition of ESR Sakura DC
- Acquisition completed on 31 October 2022



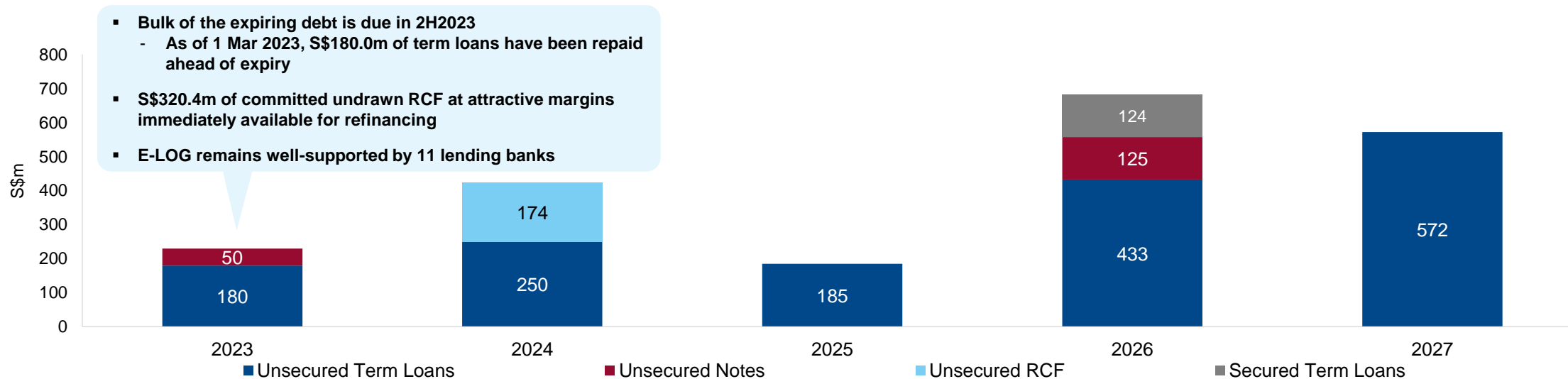
Key expressways serving Greater Tokyo

<b>Asset Type</b>	▪ 5-storey modern logistics facility
<b>Location</b>	▪ Chiba Prefecture, Tokyo, Japan
<b>Japan Purchase Consideration</b>	▪ JPY17,800 million (c.S\$169.8 million <sup>(1)</sup> ) with 12 months of Rental Support
<b>Land Tenure</b>	▪ Freehold
<b>Year of Completion</b>	▪ November 2015
<b>Net Lettable Area</b>	▪ 81,507.4 sqm
<b>NPI Yield</b>	▪ 4.35% (Including Rental Support)
<b>Method of Financing</b>	<ul style="list-style-type: none"> <li>▪ Financed with internal sources of funds and external bank borrowings of up to JPY 17,600 million (c.S\$167.9 million<sup>(1)</sup>) provided by MUFG Bank, Ltd (MUFG) and Sumitomo Mitsui Banking Corporation (SMBC).</li> <li>▪ The interest rates of the JPY loan facilities are fixed for the entire loan tenor</li> </ul>

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

- No major refinancing requirements in the near term
- E-LOG has S\$320.4m of committed undrawn revolving credit facilities (“RCF”) available for refinancing
- Debt to Total Assets<sup>(1)</sup> (Gearing) at 41.8% as at 31 December 2022
  - Gearing will be reduced to 38.0% upon completion of the Equity Fund Raising<sup>(2)</sup>
- All-in cost of debt at 3.66% per annum<sup>(3)</sup>
- 72.0% of interest rate exposure fixed for 2.0 years

## Debt Maturity Profile as at 31 December 2022



# ESG Highlights



## Environmental

- Refreshed material factors and targets post merger with ALOG
- Decarbonisation Roadmap to be implemented in FY2023

### Newly Certified Green Buildings



7002 ANG MO KIO AVE 5  
BCA GREENMARK "GOLD"  
CERTIFICATION



16 TAI SENG STREET  
BCA GREENMARK "GOLD"  
CERTIFICATION



21B SENOKO LOOP  
BCA GREENMARK "GOLD"  
CERTIFICATION

### Solar Harvesting Programme



- Approx 5 MWp of solar capacity was commissioned in Nov 2022 at 1 Greenwich Drive
- At least 5 more assets to be commissioned with solar panels by FY2025
- E-LOG currently has 10 buildings installed with solar panels with the combined capacity of approx. 16.4 MWp

### E-LOG Green Building Certifications

#### Green Mark Gold / Gold Plus



6

Properties

#### LEED Platinum / Gold



2

Properties

#### Green Mark



3

Properties



## Social



- Portrait taking for the elderly from low-income families in Kembangan Chai Chee, co-organised by KCC-CC and E-LOG
- Sponsorship of **SportCares Community Futsal Programme** – a structured programme to keep youths at risk off the streets and bring about holistic behavioural changes through sports
- Kidzcare Tuition Centre at ESR BizPark @ Chai Chee** – supporting disadvantaged youth in partnership with Kembangan-Chai Chee (KCC) Youth Network



## Governance

- Enhanced ESG disclosures with GRESB submission. Marked improvement in FY2022 GRESB Rating to 2 Star (69 points) from 1 Star (52 points)



G R E S B

- Refreshed Board of Directors and implemented enhanced board diversity policy

# E-LOG's Strategy

Continuing E-LOG's Pivot Towards Increasing New Economy Assets Exposure



## Rejuvenate Asset Portfolio

- **Redevelopments and AEs**
  - ▶ Redevelop older-specs assets into modern in-demand properties
  - ▶ Re-purpose existing dated assets for the New Economy
  - ▶ Development of unutilised plot ratio
- **Acquisitions**
  - ▶ Assets with longer land lease, in developed countries and scalable markets
  - ▶ Leverage ESR Group's New Economy asset portfolio



## Recycle Capital

- **Divestment of Non-Core Assets**
- **Proceeds Reinvested Towards New Economy Assets**



## Recapitalise For Growth

- **Provides Growth Capital**
  - ▶ Significant increase in debt headroom
  - ▶ Pursue organic growth opportunities by undertaking redevelopments and AEs
  - ▶ Allows Manager to secure quality assets from Sponsor asset pipeline
- **Strengthened Financial Ratios**
  - ▶ Financial flexibility to accelerate transformation initiatives and increase financial resilience



- **Visible and Executable Asset Pipeline from Sponsor**
- **Continued financial support, commitment and alignment of interests with unitholders**

## Reinforce Sponsor Support



# Conclusion

1



## Positive Rental Reversion with Stability in Operations

- Portfolio rental reversion at +11.7% in FY2022, led by New Economy sectors comprising c.62.8% of portfolio
- Multi-tenanted leases in New Economy assets provide potential for organic rental growth given positive sector demand and supply dynamics
- Occupancy was at a healthy 92.7% in FY2022
- Well-staggered lease expiry profile, with strong rental collections
  - Retention rate at 69.3%
- Inflation and utilities cost pressures have been managed
  - More than 90% of utilities costs on a pass-through cost recovery basis
  - Service charge has been increased at c.15% across portfolio, expected to mostly offset inflationary pressures

2



## Prudent Capital Management

- Gearing at a comfortable 41.8%, with all-in cost of debt at 3.66% per annum
- 72.0% of the REIT's borrowings on fixed interest rates, anchoring a healthy hedge ratio while allowing for capturing of potential hedging opportunities
- Bulk of refinancing occurs in 2H2023
  - Intention to use RCF at attractive margins to refinance FY2023 expiries, reducing interest expense and RCF commitment fees
- E-LOG remains well supported by 11 lending banks

3



## Rejuvenate, Recycle, Recapitalise, Reinforced by Sponsor's Commitment

- Portfolio rejuvenation to repurpose and rejuvenate dated assets to suit the demands of the New Economy, with 6.0 – 8.0% yield on cost
- Leveraging on Sponsor's network and footprint with a focus on New Economy assets
  - ESR Group's New Economy assets of c.US\$67 billion provides an extensive pipeline of potential acquisition opportunities in an environment where quality logistics assets are increasingly scarce
- E-LOG has identified up to S\$450 million of non-core assets to be divested over the next 12 months
  - CBRE is currently assisting E-LOG with the potential divestment of a portfolio of assets

# ESR-LOGOS REIT

14<sup>th</sup> Annual General Meeting  
Question & Answer Session





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