

## IMPORTANT NOTICE

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The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)) (the “**Issuer**”), ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited and Cambridge Industrial Trust Management Limited) (the “**ESR-LOGOS REIT Manager**”), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (collectively, the “**Joint Lead Managers**”) nor any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the ESR-LOGOS REIT Manager or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached supplemental information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer and the ESR-LOGOS REIT Manager in such jurisdiction. The attached supplemental information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached supplemental information memorandum on the basis that you are a person into whose possession this supplemental information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe or purchase any of the securities described therein.**

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED SUPPLEMENTAL INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SUPPLEMENTAL INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED SUPPLEMENTAL INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

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The information in this preliminary supplemental information memorandum is not complete and may be changed. This preliminary supplemental information memorandum is not an offer to sell these securities and nor does it seek an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

Supplemental Information Memorandum dated [●] 2022

## **RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED**

(formerly known as RBC Dexia Trust Services Singapore Limited)

(in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust))



**Issue of S\$[●] [●] per cent. Subordinated Perpetual Securities**  
**under its**  
**S\$750,000,000**  
**Multicurrency Debt Issuance Programme**  
**Issue Price: [100]%**

This Supplemental Information Memorandum (the "Supplemental Information Memorandum") is supplemental to the Information Memorandum dated 12 September 2019 (the "Information Memorandum") and is prepared solely in respect of the issue of S\$[●] [●] per cent. Subordinated Perpetual Securities (the "Perpetual Securities") by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)) (the "Issuer") under its S\$750,000,000 Multicurrency Debt Issuance Programme (the "Programme"). This Supplemental Information Memorandum is supplemental to, forms part of and should be read in conjunction with, the Information Memorandum. Unless stated otherwise, terms defined in the Information Memorandum have the same meaning when used in this Supplemental Information Memorandum. To the extent that the Information Memorandum is inconsistent with this Supplemental Information Memorandum, the terms of this Supplemental Information Memorandum shall prevail.

The Information Memorandum and this Supplemental Information Memorandum have not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Information Memorandum, this Supplemental Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities may not be circulated or distributed, nor may the Perpetual Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Perpetual Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Perpetual Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Perpetual Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of, and the listing and quotation of the Perpetual Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, ESR-LOGOS REIT, their respective subsidiaries and/or associated companies (if any) or the Perpetual Securities.

THE PERPETUAL SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT (AS DEFINED HEREIN) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE PERPETUAL SECURITIES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE PERPETUAL SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER).

*Joint Lead Managers*

**DBS Bank Ltd.      OCBC Bank      United Overseas Bank Limited**

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## NOTICE

DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (collectively, the “**Joint Lead Managers**”) have been appointed by the Issuer as the joint lead managers for the Perpetual Securities.

This Supplemental Information Memorandum contains information with regard to the Issuer, ESR-LOGOS REIT, the ESR-LOGOS REIT Manager, the Property Manager, the Group and the Perpetual Securities. The Issuer, having made all reasonable enquiries, confirms that this Supplemental Information Memorandum (read in conjunction with the Information Memorandum) contains all information (including information with regard to ESR-LOGOS REIT, the ESR-LOGOS REIT Manager and the assets of ESR-LOGOS REIT) which is material in the context of the issue and offering of the Perpetual Securities, that the information in this Supplemental Information Memorandum (read in conjunction with the Information Memorandum) is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Supplemental Information Memorandum (read in conjunction with the Information Memorandum) have been carefully considered and are based on relevant considerations and facts existing at the date of this Supplemental Information Memorandum, and that there are no other facts the omission of which in the context of the issue and offering of the Perpetual Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

This Supplemental Information Memorandum should be read in conjunction with the Information Memorandum and the pricing supplement dated [●] 2022 relating to the Perpetual Securities (the “**Pricing Supplement**”).

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Information Memorandum, the Information Memorandum and the Pricing Supplement in connection with the issue and sale of the Perpetual Securities and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer or the Joint Lead Managers. Save as expressly stated in this Supplemental Information Memorandum or in the Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of any of the Issuer, ESR-LOGOS REIT or any of their respective subsidiaries and/or associated companies (if any). Neither this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Perpetual Securities may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of any of the Issuer or the Joint Lead Managers to subscribe for or purchase, the Perpetual Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or any such other document or information (or any part thereof) and the offer of the Perpetual Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or any such other document or information (or any part thereof) or into whose possession this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility for the contents of this Supplemental Information Memorandum, the Information Memorandum or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the issue and offering of the Perpetual Securities. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Supplemental Information Memorandum, the Information Memorandum or any such statement.

The Perpetual Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Perpetual Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

None of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or any other document or information (or any part thereof) delivered or supplied in relation to the Perpetual Securities shall be deemed to constitute an offer of, or an invitation by or on behalf of any of the Issuer or the Joint Lead Managers to subscribe for or purchase, any Perpetual Securities.

This Supplemental Information Memorandum and any other document or material in relation to the issue, offering or sale of the Perpetual Securities have been prepared solely for the purpose of the initial sale by the Joint Lead Managers of the Perpetual Securities. This Supplemental Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Perpetual Securities are sold or with whom they are placed by the Joint Lead Managers or for any other purpose. Recipients of this Supplemental Information Memorandum shall not reissue, circulate or distribute this Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Supplemental Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Perpetual Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of any of the Issuer, ESR-LOGOS REIT or any of their respective subsidiaries and/or associated companies (if any) or any statement of fact or the information herein since the date hereof or the date on which this Supplemental Information Memorandum has been most recently amended or supplemented.

The Joint Lead Managers have not separately verified the information contained in this Supplemental Information Memorandum or the Information Memorandum. None of the Joint Lead Managers nor any of their respective officers or employees is making any representation, warranty or undertaking, express or implied, as to the merits of the Perpetual Securities or the subscription for, purchase or acquisition thereof or the creditworthiness or financial condition or otherwise of any of the Issuer, ESR-LOGOS REIT or their respective subsidiaries and/or associated companies (if any). Further, the Joint Lead Managers do not make any representation or warranty and no responsibility or liability is accepted by the Joint Lead Managers as to any of the Issuer, ESR-LOGOS REIT, their respective subsidiaries and/or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Supplemental Information Memorandum or the Information Memorandum.

Neither this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement nor any other document or information (or any part thereof) delivered or supplied in relation to the issue of the Perpetual Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or such other document or information (or any part thereof) should subscribe for or purchase any of the Perpetual Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, ESR-LOGOS REIT and their respective subsidiaries and/or associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own

independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, ESR-LOGOS REIT and their respective subsidiaries and/or associated companies (if any). Accordingly, notwithstanding anything herein, none of the Joint Lead Managers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Perpetual Securities by a recipient of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement or such other document or information (or such part thereof).

Any purchase or acquisition of the Perpetual Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the subscription agreement to be entered into between the Issuer, the ESR-LOGOS REIT Manager and the Joint Lead Managers in connection with the Perpetual Securities (the “**Subscription Agreement**”) and the issue of the Perpetual Securities by the Issuer pursuant to the Programme Agreement and the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Perpetual Securities or pursuant to this Supplemental Information Memorandum, the Information Memorandum and the Pricing Supplement shall (without any liability or responsibility on the part of the Issuer or the Joint Lead Managers) lapse and cease to have any effect if (for any other reason whatsoever) the Perpetual Securities are not issued by the Issuer pursuant to the Programme Agreement and the Subscription Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Supplemental Information Memorandum is drawn to the restrictions on resale of the Perpetual Securities set out under the section on “Subscription, Purchase and Distribution” on pages 199 to 201 of the Information Memorandum and page 101 of this Supplemental Information Memorandum.

**Any person(s) who is invited to purchase or subscribe for the Perpetual Securities or to whom this Supplemental Information Memorandum, the Information Memorandum or the Pricing Supplement is sent shall not make any offer or sale, directly or indirectly, of any Perpetual Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Perpetual Securities consult their own legal, financial, tax and other advisers before purchasing or acquiring the Perpetual Securities.**

**Prospective purchasers of the Perpetual Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Perpetual Securities.**

**Prohibition of Sales to EEA Retail Investors** – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the

**“Prospectus Regulation”**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **“PRIIPs Regulation”**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Prohibition of Sales to UK Retail Investors** – The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**“UK”**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**“EUWA”**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**“FSMA”**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **“UK PRIIPs Regulation”**) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Notification under Section 309B of the SFA** – The Perpetual Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **COMPLETION OF THE ALOG MERGER AND INFORMATION ON ENLARGED TRUST**

On 22 April 2022, the merger between ESR-REIT and ALOG (as defined herein) became effective and binding in accordance with its terms. Following the completion of the ALOG Merger (as defined herein) on 28 April 2022, ALOG has become a wholly-owned sub-trust of ESR-LOGOS REIT and ALOG was delisted from the SGX-ST on 5 May 2022 and renamed as **“ALOG Trust”**. On 28 April 2022, the ESR-LOGOS REIT Manager announced that the name of the REIT has been changed from **“ESR-REIT”** to **“ESR-LOGOS REIT”** with effect from 5 May 2022. As ESR-LOGOS REIT has only just commenced the process of integrating the operations of ALOG into the enlarged ESR-LOGOS REIT, unless otherwise indicated, the information in the section *ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)* in this Supplemental Information Memorandum relates to ESR-LOGOS REIT as at 31 March 2022 and reflects ESR-LOGOS REIT’s operations on a pre-ALOG Merger basis. For information pertaining to the Enlarged Trust, please see Appendix IV on the unaudited pro forma consolidated financial information of the Enlarged Trust (as defined herein) as at, and for the financial year ended 31 December 2021 (the **“Unaudited Pro Forma Financial Information”**), Appendix V for further information on the Enlarged Trust, including the key benefits of the ALOG Merger, as well as a summary of the property statistics of ALOG as at 31 December 2021 and Appendix VI for the presentation slides announced by the ESR-LOGOS REIT Manager which contain certain pro forma operational information of the Enlarged Trust (the **“Pro Forma Operational Information”**). Investors should note that this Supplemental Information Memorandum should be read in conjunction with the Appendices, in particular Appendices IV to VI, for full information on the Enlarged Trust.

## CAUTIONARY STATEMENT ON PRO FORMA FINANCIAL INFORMATION

This Supplemental Information Memorandum includes certain Unaudited Pro Forma Financial Information which has been prepared to give effect to the ALOG Merger (as defined herein). The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statements of total return and distributable income for the financial year ended 31 December 2021 and the unaudited pro forma consolidated statement of financial position as at 31 December 2021 which has been prepared as if the ALOG Merger had occurred on 1 January 2021 for the purpose of the statements of total return and distributable income, and on 31 December 2021 for the purpose of the statement of financial position. The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants and on the basis of the applicable criteria stated in the section “Bases and Assumptions Underlying the Unaudited Pro Forma Consolidated Financial Information of ESR-LOGOS REIT and its Subsidiaries” of the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information reflects certain estimates, assumptions and judgements made by the ESR-LOGOS REIT Manager. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities as of the date presented, as well as revenue and expenses reported for the period presented. As a result, the Unaudited Pro Forma Financial Information is not necessarily indicative of what the Enlarged Trust’s actual results of operations or financial position would have been for the period presented or as of the date presented (as the case may be), nor does it purport to project the Enlarged Trust’s results of operations or financial position for any future period or date.

Potential investors are cautioned that the Unaudited Pro Forma Financial Information has been prepared on the bases, assumptions and accounting policies set out in Appendix IV of this Supplemental Information Memorandum. Consequently, the Unaudited Pro Forma Financial Information is not necessarily an indication of (i) the financial performance or the financial position that would have been realised if the Enlarged Trust (assuming that the ALOG Merger was completed and the Issuer had acquired all the units of ALOG on 1 January 2021 or 31 December 2021 (as the case may be)) had existed during the financial year ended 31 December 2021; or (ii) the financial performance or the financial position that will be realised in the future. The Unaudited Pro Forma Financial Information should be read together with these bases, assumptions and accounting policies.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial performance and financial position might have been had the Enlarged Trust (assuming that the ALOG Merger was completed and the Issuer had acquired all the units of ALOG on 1 January 2021 or 31 December 2021 (as the case may be)) existed at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial performance and the financial position that would have been attained had it actually existed earlier. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Enlarged Trust’s actual financial performance or financial position. The adjustments set forth in the Unaudited Pro Forma Financial Information are based upon available information and assumptions that the ESR-LOGOS REIT Manager believes to be appropriate.

**Potential investors should exercise caution when using such data to evaluate the Group’s financial performance and financial position. Please see also the risk factor titled “*The Unaudited Pro Forma Financial Information and Pro Forma Operational Information contained in this Supplemental Information Memorandum is presented for illustrative purposes only (and may not be suitable for any other purposes) and is not necessarily indicative of the future performance of the Enlarged Trust*” herein.**

## FORWARD-LOOKING STATEMENTS

All statements contained in this Supplemental Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, ESR-LOGOS REIT and/or the Group (including statements as to the Issuer’s, ESR-LOGOS REIT’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Supplemental Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, ESR-LOGOS REIT and/or the Group, expected growth in the Issuer, ESR-LOGOS REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and are based on a number of subject judgment and assumptions about the Group’s operations which may or may not materialise and other important factors beyond the control of the Issuer, the ESR-LOGOS REIT Manager or the Group that may cause the actual results, performance or achievements of the Issuer, ESR-LOGOS REIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under, in particular, but not limited to, the section on “Risk Factors” on pages 106 to 143 of the Information Memorandum and pages 13 to 46 of this Supplemental Information Memorandum.

In particular, any forecasted or projected pro forma information shown in Appendices IV to VI are neither promised nor guaranteed and are each based on a number of assumptions and are subject to the impact of the Risk Factors (mentioned above). Any such forward-looking statements contained in Appendices IV to VI are also further expressly qualified in their entirety by the cautionary statements contained or referred to under those Appendices.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, ESR-LOGOS REIT or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Supplemental Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer and the Joint Lead Managers do not represent or warrant that the actual future results, performance or achievements of the Issuer, ESR-LOGOS REIT or the Group will be as discussed in those statements.

Neither the delivery of this Supplemental Information Memorandum, the Information Memorandum, the Pricing Supplement (or any part thereof) nor any issue, offering, purchase or sale of the Perpetual Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, ESR-LOGOS REIT or their respective subsidiaries and/or associated companies (if any) or any statement of fact or information contained in this Supplemental Information Memorandum since the date of this Supplemental Information Memorandum or the date on which this Supplemental Information Memorandum has been most recently amended or supplemented.

Further, each of the Issuer, the Joint Lead Managers and their respective directors, officers, employees, affiliates, agents, advisors and representatives disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Supplemental Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

## DEFINITIONS

*The following definitions under the section headed "Definitions" from pages 8 to 16 of the Information Memorandum shall be deleted in their entirety and replaced with the following:*

<b>"Agency Agreement"</b>	The agency agreement dated 2 February 2012 between (1) EMPL, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)), as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, as amended and restated by an amendment and restatement agency agreement dated 30 March 2016 between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by EMPL, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, and (5) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.
<b>"Companies Act"</b>	Companies Act 1967 of Singapore.
<b>"Deposited Property"</b>	The gross assets of ESR-LOGOS REIT, including all the authorised investments of ESR-LOGOS REIT for the time being held or deemed to be held upon the trust constituted under the ESR-LOGOS REIT Trust Deed.
<b>"Group"</b>	ESR-LOGOS REIT and its subsidiaries.
<b>"Guarantor"</b>	RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)).
<b>"Issuers"</b>	ESR-MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)).
<b>"ITA"</b>	Income Tax Act 1947 of Singapore.
<b>"Perpetual Securities"</b>	The perpetual securities to be issued by the ESR-LOGOS REIT Issuer under the Programme.

**“Programme Agreement”**

The programme agreement dated 2 February 2012 made between (1) EMPL, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)), as guarantor, (3) Australia and New Zealand Banking Group Limited, as arranger, and (4) Australia and New Zealand Banking Group Limited, as dealer, as amended and restated by an amendment and restatement programme agreement dated 30 March 2016 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by EMPL, (3) the ESR-LOGOS REIT Manager, as manager of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust), (4) The Hongkong and Shanghai Banking Corporation Limited, as arranger, and (5) Australia and New Zealand Banking Group Limited, CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and United Overseas Bank Limited, as dealers, and as further amended, varied or supplemented from time to time.

**“Property Expenses”**

Comprises (a) the Property Manager’s fees, (b) property tax, (c) payments of land rents to JTC and HDB and (d) other property expenses, including property maintenance expenses and property insurance charges, to the extent borne by ESR-LOGOS REIT.

**“Property Management Agreements”**

The property management agreement entered into between the ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Trustee and the Property Manager on 31 December 2018 for a period of three and a half years commencing from 1 January 2019 for all the properties located in Singapore which are directly owned by ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust) and the property management agreement entered into between the VT Manager, the VT Trustee and the Property Manager on 31 December 2018 for a period of three and a half years commencing from 1 January 2019 in respect of all the properties which are directly owned by VT.

**“Property Manager”**

ESR-LOGOS Property Management (S) Pte. Ltd. (formerly known as ESR Property Management (S) Pte Ltd), as property manager of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust).

**“Senior Perpetual Securities”**

Perpetual Securities which are expressed to rank as senior obligations of the ESR-LOGOS REIT Issuer pursuant to Condition 2(a) of the Perpetual Securities.

**“SFA”**

Securities and Futures Act 2001, as modified or amended from time to time.

**“Subordinated Perpetual Securities”**

Perpetual Securities which are expressed to rank as subordinated obligations of the ESR-LOGOS REIT Issuer pursuant to Condition 2(b) of the Perpetual Securities.

**“Subsidiary” or “subsidiary”**

Any company which is, for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act) and, in relation to ESR-LOGOS REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):

- (a) which is controlled, directly or indirectly, by ESR-LOGOS REIT (acting through the ESR-LOGOS REIT Trustee in its capacity as the trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)); or
- (b) more than half the interests of which is beneficially owned, directly or indirectly, by ESR-LOGOS REIT (acting through the ESR-LOGOS REIT Trustee in its capacity as the trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)); or
- (c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or (b) above applies,

and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by ESR-LOGOS REIT if ESR-LOGOS REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

**“Trust Deed”**

The trust deed dated 2 February 2012 made between (1) EMPL, as issuer, (2) RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)), as guarantor, and (3) the Trustee, as trustee, as supplemented by the supplemental trust deed dated 1 March 2012 made between the same parties, and as amended and restated by an amendment and restatement trust deed dated 30 March 2016 and by an amendment and restatement trust deed dated 12 September 2019 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor for Notes issued by EMPL, and (3) the Trustee, as trustee, and as further amended, varied or supplemented from time to time.

**“Unit”**

An undivided interest in ESR-LOGOS REIT as provided for in the ESR-LOGOS REIT Trust Deed.

**“Unitholders”**

Holders of ESR-LOGOS REIT Units.

**“VT Manager”** ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited and Cambridge Industrial Trust Management Limited), as manager of VT.

*The following definitions under the section headed “Definitions” from pages 8 to 16 of the Information Memorandum shall be deleted in their entirety:*

**“ESR-REIT”** ESR-REIT (formerly known as Cambridge Industrial Trust) established in Singapore as a collective investment scheme and constituted by the ESR-REIT Trust Deed.

**“ESR-REIT Issuer”** ESR-REIT Trustee, in its capacity as issuer.

**“ESR-REIT Manager”** ESR Funds Management (S) Limited (formerly known as Cambridge Industrial Trust Management Limited), as manager of ESR-REIT.

**“ESR-REIT Trust Deed”** The trust deed dated 31 March 2006 made between (1) the ESR-REIT Manager, as manager, and (2) the ESR-REIT Trustee (as amended, supplemented and/or restated by the Supplemental Deed of Amendment dated 15 August 2007, the Second Supplemental Deed dated 28 January 2009, the Third Supplemental Deed dated 13 November 2009, the Fourth Supplemental Deed dated 27 January 2010, the Fifth Supplemental Deed dated 22 April 2010, the Sixth Supplemental Deed dated 2 February 2012, the Seventh Supplemental Deed dated 18 November 2014, the Eighth Supplemental Deed dated 27 May 2015, the Ninth Supplemental Deed dated 15 March 2016, the Tenth Supplemental Deed dated 15 March 2017, the Eleventh Supplemental Deed dated 20 June 2017 and the Twelfth Supplemental Deed dated 30 November 2018, and as further amended, supplemented and/or restated from time to time).

**“ESR-REIT Trustee”** RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-REIT).

**“ESR-REIT Units”** Units of ESR-REIT.

*The following definitions shall be included as new definitions under the section headed “Definitions” from pages 8 to 16 of the Information Memorandum:*

<b>“ALOG”</b>	ARA LOGOS Logistics Trust.
<b>“ALOG Manager”</b>	ARA LOGOS Logistics Trust Management Limited.
<b>“ALOG Merger”</b>	The acquisition of all the units of ALOG held by the unitholders of ALOG by way of a trust scheme of arrangement by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)).
<b>“ALOG Trustee”</b>	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of ALOG).
<b>“ARA”</b>	ARA Asset Management Limited.
<b>“ARA Group”</b>	ARA and its subsidiaries.
<b>“AUM”</b>	Assets under management.
<b>“DPU”</b>	Distribution per unit.
<b>“Enlarged Trust”</b>	The group comprising of ALOG, ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust) and their respective Subsidiaries post-ALOG Merger.
<b>“ESG”</b>	Environmental, social and governance.
<b>“ESR-LOGOS REIT”</b>	ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust) established in Singapore as a collective investment scheme and constituted by the ESR-LOGOS REIT Trust Deed.
<b>“ESR-LOGOS REIT Issuer”</b>	ESR-LOGOS REIT Trustee, in its capacity as issuer.
<b>“ESR-LOGOS REIT Manager”</b>	ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited and Cambridge Industrial Trust Management Limited), as manager of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust).

<b>“ESR-LOGOS REIT Trust Deed”</b>	The trust deed dated 31 March 2006 made between (1) the ESR-LOGOS REIT Manager, as manager, and (2) the ESR-LOGOS REIT Trustee (as amended, supplemented and/or restated by the Supplemental Deed of Amendment dated 15 August 2007, the Second Supplemental Deed dated 28 January 2009, the Third Supplemental Deed dated 13 November 2009, the Fourth Supplemental Deed dated 27 January 2010, the Fifth Supplemental Deed dated 22 April 2010, the Sixth Supplemental Deed dated 2 February 2012, the Seventh Supplemental Deed dated 18 November 2014, the Eighth Supplemental Deed dated 27 May 2015, the Ninth Supplemental Deed dated 15 March 2016, the Tenth Supplemental Deed dated 15 March 2017, the Eleventh Supplemental Deed dated 20 June 2017, the Twelfth Supplemental Deed dated 30 November 2018, the Thirteenth Supplemental Deed dated 19 October 2019, the Fourteenth Supplemental Deed dated 3 April 2020 and the Fifteenth Supplemental Deed dated 28 April 2022, and as further amended, supplemented and/or restated from time to time).
<b>“ESR-LOGOS REIT Trustee”</b>	RBC Investor Services Trust Singapore Limited (formerly known as RBC Dexia Trust Services Singapore Limited) (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)).
<b>“ESR-LOGOS REIT Units”</b>	Units of ESR-LOGOS REIT.
<b>“GDP”</b>	Gross domestic product.
<b>“GRESB”</b>	Global Real Estate Sustainability Benchmark.
<b>“GRI”</b>	Gross rental income.
<b>“NAV”</b>	Net asset value.
<b>“New Economy”</b>	Logistics and High-Specs industrial sectors.
<b>“sqm”</b>	Square metres.
<b>“WADE”</b>	Weighted average debt expiry.

## RISK FACTORS

*The risk factors set out below are supplemental to, and should be read in conjunction with the risk factors set out under the section titled “Risk Factors” in the Information Memorandum. In particular, prospective investors should note the particular risks associated with an investment in the Perpetual Securities as set out in the sub-section entitled “Risks Relating to the Perpetual Securities” on pages 116 to 119 of the Information Memorandum.*

*The following risk factor shall be inserted as a new risk factor immediately after the risk factor entitled “The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Securities linked to or referencing such “benchmarks””:*

### **The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates**

The Reset Distribution Rate of the Perpetual Securities is based on (i) 5-year SORA-OIS (as defined in the Pricing Supplement) and (ii) in the event that a Benchmark Event has occurred in relation to “5-year SORA OIS”, such rate as determined in accordance with Condition 3(V) of the Perpetual Securities.

Investors should be aware that the market continues to develop in relation to risk-free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that which may be used in relation to the Perpetual Securities. The development of risk-free rates as distribution reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Perpetual Securities which may reference such risk-free rates.

Furthermore, the basis of deriving certain risk-free rates, such as SORA, may mean that distribution on the Perpetual Securities (should it be referencing such risk-free rates then) may only be capable of being determined after the end of the relevant observation period and immediately prior to the relevant Distribution Payment Date. It may be difficult for investors in the Perpetual Securities which reference such risk-free rates to accurately estimate the amount of distribution which will be payable on the Perpetual Securities, and some investors may be unable or unwilling to trade the Perpetual Securities without changes to their IT systems, both of which could adversely impact the liquidity of the Perpetual Securities. Investors should consider these matters when making their investment decision with respect to the Perpetual Securities.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk-free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Perpetual Securities referencing such risk-free rates.

Since risk-free rates are relatively new market indices, Perpetual Securities (if linked to any such risk-free rate) may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk-free rate, such as the spread over the index reflected in distribution rate provisions, may evolve over time, and trading prices of the Perpetual Securities may be lower than those of later-issued indexed debt securities as a result. Further, if any risk-free rate to which the Perpetual Securities are linked does not prove to be widely used in securities like the Perpetual Securities, the trading price of the Perpetual Securities linked to such risk-free rates may be lower than those of securities linked to indices that are more widely used. Investors in the Perpetual Securities may

not be able to sell the Perpetual Securities at all or may not be able to sell the Perpetual Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. If the Perpetual Securities are linked to any risk-free rate then, there can also be no guarantee that such risk-free rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Perpetual Securities referencing such risk-free rate. If the manner in which such risk-free rate is calculated is changed, that change may result in a reduction of the amount of distribution payable on the Perpetual Securities and the trading prices of the Perpetual Securities.

*The risk factor entitled "Application of Singapore insolvency and related laws to ESR-REIT may result in a material adverse effect on the Securityholders" on pages 111 and 112 of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

***Application of Singapore insolvency and related laws to ESR-LOGOS REIT may result in a material adverse effect on the Perpetual Securityholders***

There can be no assurance that ESR-LOGOS REIT will not become bankrupt, unable to pay its debts or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. As of now, it is unclear whether the provisions of Singapore insolvency and related laws applicable to corporates can be applied to REITs. If Singapore insolvency and related laws applicable to corporates were to be applied to REITs, this could have a material adverse effect on the Perpetual Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Perpetual Securityholders.

Where ESR-LOGOS REIT is insolvent or close to insolvent and the ESR-LOGOS REIT Trustee undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to ESR-LOGOS REIT. It may also be possible that if a company related to the ESR-LOGOS REIT Trustee proposes a creditor scheme of arrangement and obtains an order for a moratorium, the ESR-LOGOS REIT Trustee may also seek a moratorium even if the ESR-LOGOS REIT Trustee is not in itself proposing a scheme of arrangement. Further, it is not clear that an application by ESR-LOGOS REIT, or, as the case may be, the ESR-LOGOS REIT Trustee for a moratorium will in itself constitute an event of default under the terms and conditions of the Perpetual Securities and the ESR-LOGOS REIT Trustee may not be able to declare the Perpetual Securities immediately due and payable upon the occurrence of such an event. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the consent of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the ESR-LOGOS REIT Trustee, the need to obtain court permission and (in the case of judicial management) the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Furthermore, Perpetual Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75.0% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75.0% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such a scenario, Perpetual Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (the “**IRD Act**”) was passed in the Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with a debenture. However, it may apply to related contracts that are not found to be directly connected with the Perpetual Securities.

*The risk factor entitled “Tax treatment of the Perpetual Securities is unclear” in the sub-section entitled “Risks Relating to the Perpetual Securities” of the section headed “Risk Factors” on pages 118 to 119 of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

#### **Tax treatment of the Perpetual Securities is unclear**

It is not clear whether any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) issued by the Issuer will be regarded as “debt securities” by the IRAS for the purposes of the ITA and whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Singapore Taxation”) would apply to the Relevant Tranche of Perpetual Securities.

In the event that the IRAS regards the Relevant Tranche of Perpetual Securities issued by the Issuer to be “debt securities” for Singapore income tax purposes, that Relevant Tranche of Perpetual Securities is intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfilment of certain conditions more particularly described in the section “Singapore Taxation”. However, there is no assurance that the conditions for “qualifying debt securities” will be met or that that Relevant Tranche of Perpetual Securities will continue to enjoy the tax concessions for “qualifying debt securities” should the relevant tax laws be amended or revoked at any time, or should the required conditions cease to be fulfilled.

In the event that the IRAS does not regard a Relevant Tranche of Perpetual Securities issued by the Issuer as “debt securities” for Singapore income tax purposes, all payments, or part thereof, of Distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts (if applicable) in respect of the Relevant Tranche of Perpetual Securities may be subject to Singapore income tax, and the Issuer may be obliged (in certain circumstances) to withhold tax under Section 45G of the ITA on such payments. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from payments in respect of the Relevant Tranche of Perpetual Securities in connection therewith for or on account of any such taxes or duties. Perpetual Securityholders are thus advised to consult their own professional advisers regarding the tax treatment of the Distributions, Optional Distributions and Arrears of Distribution and Additional Distribution Amounts (if applicable) under the Relevant Tranche of Perpetual Securities received by them, including the risk of such payments being subject to Singapore withholding tax.

For further details of the tax treatment of the Perpetual Securities, please see the section on “Singapore Taxation” herein.

*The risk factors in the sub-sections entitled “Risks Relating to the Business, Financial Condition and/or Results of Operations of ESR-REIT” and “Risks Relating to the Properties of ESR-REIT” of the section headed “Risk Factors” from pages 119 to 143 of the Information Memorandum shall be deleted in their entirety and replaced with the following:*

## **RISKS RELATING TO THE BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS OF ESR-LOGOS REIT**

### **Uncertainties and instability in global market conditions could adversely affect the business, financial condition and results of operations of ESR-LOGOS REIT**

There are a number of uncertainties in the global markets. The ongoing COVID-19 pandemic has caused significant disruptions to market supply chains, manufacturing activity as well as tourism, travel and retail activity, resulting in a global economic downturn and economic contraction. In the U.S., due to indicators of economic activity and employment strengthening, the U.S. government has ceased stimulating the economy hit by the pandemic. Inflation in the U.S however remains elevated and the U.S Federal Reserve aims to raise interest rates over the next few years in order to keep inflation at the rate of 2 per cent. over the longer run. In China, the concerns include bilateral trade relations with the U.S., strengthening its domestic economic recovery and putting in place new legal frameworks to deal with an expected rise in defaults in its bond market amidst continued structural imbalances in the China economy, e.g. high corporate leverage. China is also faced with longer-term tensions with the U.S., pressuring it to embark on a multi-year strategy to develop its domestic economy, open it up for foreign competition and reduce its reliance on external demand and high-tech imports to achieve growth.

There are also other global or regional events which could result in greater volatility in foreign exchange and financial markets in general due to the increased uncertainty. For example, in Europe, the UK exited the European Union on 31 January 2020 (“**Brexit**”) under the terms of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community. As of 1 January 2021, the “transition period” of the United Kingdom’s access to the European Union’s Single Market and Customs Union ended, meaning the EU’s trade law regime no longer applies to the United Kingdom. The withdrawal process continues to have an impact on the global financial markets today as importers and exporters now must grapple with a United Kingdom trade and customs administration independent from the European Union. In Asia, North Korea’s missile tests as well as other political tensions in the region (including the South China Sea) may erupt periodically across the region. Further, trade and the broader geopolitical relationship between Australia and China remains volatile, with China imposing trade tariffs and other restrictions on Australian imports.

On February 24, 2022, Russia launched an invasion of Ukraine which resulted in increased volatility in various financial markets and across various sectors. The U.S and other countries, along with certain international organisations, have imposed economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to the invasion. The extent and duration of the military action, resulting sanctions and future market disruptions in the region are impossible to predict. Moreover, the ongoing effects of the hostilities and sanctions may not be limited to Russia and Russian companies and may spill over to and negatively impact other regional and global economic markets of the world.

Such events could have an adverse impact on the overall business environment and could adversely affect ESR-LOGOS REIT insofar as they result in:

- (i) a negative impact on the ability of its tenants to pay their rents in a timely manner or continuing their leases, thus reducing ESR-LOGOS REIT’s cash flow;

- (ii) an increase in counterparty risk;
- (iii) an increased likelihood that one or more of (a) ESR-LOGOS REIT's banking syndicate, (b) banks providing bankers' guarantees for ESR-LOGOS REIT's rental deposits, or (c) ESR-LOGOS REIT's insurers, may be unable to honour their commitments to ESR-LOGOS REIT;
- (iv) a drop in demand for leased space;
- (v) downward revaluation of properties; and/or
- (vi) a reduction in access to debt capital markets to raise new capital and/or re-financing.

**Outbreak of infectious diseases or any other serious public health concerns in Singapore, Australia and elsewhere could adversely impact ESR-LOGOS REIT's financial condition, business and results of operations**

The outbreak of infectious diseases such as Influenza A (H1N1), Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, Zika virus, Ebola, Hand, Foot and Mouth Disease or the COVID-19 pandemic, or any other serious public health concern in Singapore, Australia and elsewhere, together with any resulting restrictions on travel, imposition of quarantines and/or measures to reduce its spread, could have a negative impact on the economy and business activities in Singapore, Australia and in other countries that ESR-LOGOS REIT could potentially expand to and could thereby adversely impact the revenues and results of operations of ESR-LOGOS REIT. A future outbreak of an infectious disease or any other serious public health concern in Singapore, Australia and elsewhere could seriously harm ESR-LOGOS REIT's business.

The outbreak of a novel strain of coronavirus (i.e. COVID-19) has spread globally and triggered a global economic downturn and global economic contraction, causing disruptions in demand and supply chains. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the SARS epidemic that occurred in 2002/2003 and have resulted in a more widespread health crisis than that observed during the SARS epidemic. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain.

Governments around the world have introduced measures designed to slow the spread of the virus, including strict border controls and travel restrictions and ordering residents to stay at home with a limited range of exceptions. In Singapore, "circuit-breaker" measures were implemented by the Singapore government on 7 April 2020 pursuant to which all non-essential businesses were ordered to close. Even though more than half of ESR-LOGOS REIT's tenants are essential service providers and were operational during the "circuit breaker", the lockdown still adversely affected ESR-LOGOS REIT's business performance in the second quarter of 2020. In addition, at the height of the pandemic, the Singapore government also introduced measures to restrict the rights of landlords to take court proceedings in respect of a tenant's non-performance and to exercise certain self-help remedies such as rights of re-entry or forfeiture under a lease. While such "circuit-breaker" measures in Singapore have been progressively lifted, the measures could be tightened again if the COVID-19 outbreak worsens, thereby affecting ESR-LOGOS REIT's tenants and business. For example, 2Q2021 leasing activities were partially affected by the tightening of restrictions under Phase 2 (Heightened Alert) which were implemented from 16 May 2021 through to 13 June 2021. The ESR-LOGOS REIT Manager also provided rental rebates to some retail and F&B tenants in 2Q2021 to ease business and cash flow pressures in light of Phase 2 (Heightened Alert). The tightening measures under Phase 2 (Heightened Alert) in 2Q2021, additionally resulted in the completion of new industrial space being further delayed to 2H2021 and 2022. In particular,

ESR-LOGOS REIT's asset enhancement initiatives and development projects have been impacted by movement control measures as the relevant contractors are not able to carry out their works in accordance with their contractual obligations during the implementation of the movement control measures and resultant delays in the supply of material required. This resulted in an extension to the timetable for the asset enhancement initiatives and development projects. The construction costs incurred by ESR-LOGOS REIT for such asset enhancement initiatives may also increase as a result of the costs of additional safe distancing measures at construction worksites. There is no assurance that the leasing activity, amongst others, will not be adversely affected due to the implementation of such or further measures in the future in Singapore and other jurisdictions in which ESR-LOGOS REIT operates. The "circuit breaker" measures were gradually relaxed from 2 June 2020 and Singapore entered Phase 2, Phase 3 and the Stabilisation Phase of its reopening plans on 19 June 2020, 28 December 2020 and 27 September 2021 respectively, as restriction measures were eased to allow a majority of economic activities to resume, subject to certain safe distancing measures. While most safe management measures were lifted in Singapore with effect from 26 April 2022 and governments around the world have also been gradually relaxing border controls and travel restrictions, there can be no assurance that economic activity, as well as leasing activity, will return to pre-pandemic levels. In addition, the Ministry of Health has stated that various vaccinated-differentiated safe management measures will be resumed if necessary. Further, a worsening of the COVID-19 outbreak may result in protracted volatility in international markets and result in a global recession as a consequence of widespread disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces.

In addition, since February 2020, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. Uncertainty about the effects of COVID-19 has resulted in significant disruption to capital and securities markets, which, if it continues, may affect the Group's ability to raise new capital and refinance its existing debt.

Whilst vaccination take-up rates in Singapore have been high and the Singapore government has shifted its policy to pursue a COVID-19-resilient nation (as opposed to a COVID-19 zero strategy), the COVID-19 pandemic is still ongoing and evolving as at the date of this Supplemental Information Memorandum. It is difficult to predict how long the COVID-19 pandemic will last. If the COVID-19 pandemic worsens or if new and more virulent and/or lethal strains of the virus emerge, it could cause a prolonged global economic crisis or recession, which may have a material adverse effect on the Group's financial condition and results of operations. While governments have introduced and may introduce further support and relief measures in response to the COVID-19 pandemic, there is no assurance that such support packages will be effective in improving the state of the local and global economy and the Group may in the future experience more severe disruptions in the event that more stringent quarantine measures are imposed or if the COVID-19 pandemic becomes more severe or protracted. This could in turn materially and adversely affect the Group's business, results of operations, financial conditions and prospects, the Issuer's ability to fulfil its obligations to Perpetual Securityholders or the price or value of the Perpetual Securities. The actual extent of the COVID-19 pandemic and its impact on the domestic, regional and global economy remains uncertain, and the actual extent of the impact on the Group's business, results of operations, financial condition and prospects will depend on, among other things, the duration and impact of the COVID-19 pandemic.

#### **The properties owned by ESR-LOGOS REIT may be revalued downwards**

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. General property prices, including those of industrial properties, are subject to the volatilities of the property market and there can be no assurance that ESR-LOGOS REIT will not be required to make a downward revaluation of the properties owned by it in the future. For example, several existing properties within the portfolio registered a

depreciation in valuation as at 31 December 2021 against their valuation as at 31 December 2020 mainly due to shorter remaining land tenure amidst changing market conditions from the effects of the COVID-19 pandemic on the market rental rate and market rental growth assumptions. Any fall in the gross revenue or net property income earned from the properties owned by ESR-LOGOS REIT may result in a downward revaluation of such properties. Downward revaluations could negatively impact ESR-LOGOS REIT's gearing, which could in turn trigger a default under certain loan covenants and/or impact ESR-LOGOS REIT's ability to refinance its existing borrowings or secure additional borrowings.

In addition, ESR-LOGOS REIT is required to measure its investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statement of total return. Changes in fair value may have an adverse effect on ESR-LOGOS REIT's financial results for the financial year if there is a significant decrease in the valuation of ESR-LOGOS REIT's investment properties which results in revaluation losses that are recognised in its statement of total return.

**The amount ESR-LOGOS REIT may borrow is limited, which may affect the operations of ESR-LOGOS REIT and ESR-LOGOS REIT's borrowing limit may be exceeded if there is a downward revaluation of the properties owned by ESR-LOGOS REIT**

Under the Property Funds Appendix, the aggregate leverage of ESR-LOGOS REIT should not exceed 45.0% of ESR-LOGOS REIT's Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units) and ESR-LOGOS REIT's aggregate leverage may exceed this limit (up to a maximum of 50.0%) only if ESR-LOGOS REIT has an adjusted interest coverage ratio<sup>1</sup> of not less than 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

As at 31 March 2022, the Group's Aggregate Leverage (as defined in the Property Funds Appendix) is approximately 39.5%. ESR-LOGOS REIT may, from time to time, require further debt financing to achieve its investment strategy. In the event that ESR-LOGOS REIT decides to incur additional borrowings in the future, it may be unable to obtain such additional borrowings if to do so would breach the prescribed borrowing limits. In addition, should there be a substantial decline in the value of the Deposited Property which causes ESR-LOGOS REIT's Aggregate Leverage limit to be exceeded, ESR-LOGOS REIT will not be able to make further borrowings.

Adverse business consequences of this limit on borrowings may include:

- (i) an inability to fund acquisitions by ESR-LOGOS REIT of further properties or to fund capital expenditure requirements, refurbishments, renovation and improvements, AEI and development works in relation to the properties owned by ESR-LOGOS REIT;
- (ii) an inability to fund working capital requirements which may further constrain ESR-LOGOS REIT's operational flexibility; and
- (iii) cash flow shortage which may have an adverse impact on ESR-LOGOS REIT's ability to satisfy its existing debt obligations and/or obligations in respect of the Perpetual Securities.

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<sup>1</sup> "Adjusted interest coverage ratio" means a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense, borrowing-related fees and distributions on hybrid securities.

**There is no assurance that credit ratings given to ESR-LOGOS REIT (if any) by any rating agency will be maintained or that such ratings will not be reviewed, downgraded, suspended or withdrawn in the future**

Where credit ratings are assigned to ESR-LOGOS REIT by a rating agency, such ratings are based solely on the views of that rating agency. Future events could have a negative impact on the ratings of ESR-LOGOS REIT and prospective investors should be aware that there can be no assurance that the ratings given will continue or that the ratings would not be reviewed, downgraded, suspended or withdrawn as a result of future events or based on the judgment of the relevant rating agency. For example, following the ESR-LOGOS REIT Manager's request for Moody's Investor Service ("Moody's") to withdraw its issuer credit rating on ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust) in July 2017 due to amendments to Appendix 6 of the Code on Collective Investment Schemes for REITs to adopt a single-tier aggregate leverage limit of 45.0% without the requirement for a credit rating, Moody's withdrew ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)'s Baa3 issuer rating, (P)Baa3 senior unsecured rating on its S\$750 million Multicurrency Debt Issuance Programme and the Baa3 ratings on the senior unsecured notes drawn down from the Programme and its stable outlook on 17 June 2020. This credit ratings withdrawal was made after the redemptions of the S\$30.0 million 4.10% Series 002 Notes on 29 April 2020 and the S\$130.0 million 3.95% Series 004 Notes on 21 May 2020, respectively. A downgrade or withdrawal of the credit ratings assigned by a rating agency may have a negative impact on the market value of the Perpetual Securities and lead to ESR-LOGOS REIT being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, resulting in loans at higher interest rates.

**ESR-LOGOS REIT may experience limited availability of funds**

ESR-LOGOS REIT may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to ESR-LOGOS REIT. Factors that could affect ESR-LOGOS REIT's ability to procure financing include the cyclical nature of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. ESR-LOGOS REIT may experience increased difficulties in obtaining funding amidst uncertainties in the global economy, whether from financial institutions or the capital markets. ESR-LOGOS REIT's plans for expansion will require significant additional investments and capital, and if ESR-LOGOS REIT is unable to procure sufficient funds, its growth strategy may be materially and adversely affected.

**ESR-LOGOS REIT may have a higher level of gearing than certain other types of unit trusts**

ESR-LOGOS REIT may, from time to time, require additional debt financing to achieve its investment strategies and to fund working capital requirements and/or to refinance existing debt obligations.

ESR-LOGOS REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments, and this could affect ESR-LOGOS REIT's ability to make timely interest payments or otherwise comply with applicable debt covenants. Investment risk is known to increase with an increase in gearing or leverage. An increase in gearing or leverage will increase ESR-LOGOS REIT's exposure to the risk of changing economic conditions. For example, in a climate of rising interest rates, the costs of financing ESR-LOGOS REIT's investments (including servicing its indebtedness) will increase and this will adversely affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities. ESR-LOGOS REIT has taken steps to actively manage this risk through its interest rate risk management policies. Please also see the risk factor titled "*ESR-LOGOS REIT is subject to interest rate fluctuations*".

## **ESR-LOGOS REIT faces risks associated with its existing debt financing arrangements**

ESR-LOGOS REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to make the required principal and interest payments under such financing. ESR-LOGOS REIT's distribution policy is to distribute at least 90.0% of its annual distributable income, comprising substantially its income from the letting of the properties owned by it after deduction of allowable expenses. The actual level of distribution will be determined at the ESR-LOGOS REIT Manager's discretion taking into account the needs of ESR-LOGOS REIT for capital expenditure, working capital requirements and the liquidity position of ESR-LOGOS REIT. As a result of this distribution policy, ESR-LOGOS REIT may not be able to meet all of its obligations to repay any future principal repayment through its cash flow from operations. As such, ESR-LOGOS REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There can be no assurance that such financing will be available on acceptable terms or at all. If ESR-LOGOS REIT defaults under such debt liabilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

As at 31 March 2022, 100.0% of ESR-LOGOS REIT's properties are unencumbered<sup>2</sup>. However, ESR-LOGOS REIT may, in the future, mortgage any number of its properties to secure payment of ESR-LOGOS REIT's bank borrowings. If ESR-LOGOS REIT is unable to meet interest or principal payments in respect of such borrowings, such properties may be foreclosed by the lender or the lender may require a forced sale of such properties. This may result in a loss of income and asset value to ESR-LOGOS REIT. In an enforcement event on the Perpetual Securities or default under any other indebtedness or upon ESR-LOGOS REIT's bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to ESR-LOGOS REIT's portfolio would effectively be senior to the Perpetual Securities to the extent of the value of ESR-LOGOS REIT's portfolio securing their indebtedness. Please also see the risk factor titled "*The Subordinated Perpetual Securities are subordinated obligations*".

There is also no assurance that the lenders will be able to realise the original purchase price or the current market value of ESR-LOGOS REIT's properties if they are divested under any enforcement action in the future. If the ESR-LOGOS REIT Manager wishes to dispose of any of its properties, it would (for so long as such properties are mortgaged) require the approval of the lenders. The need for such approval may restrict ESR-LOGOS REIT's ability to freely dispose of its properties as there is no assurance that the approval would be obtained in time or at all.

ESR-LOGOS REIT's borrowings are also subject to covenants, representations and warranties in favour of the lenders, relating to, among other things, ESR-LOGOS REIT, the ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Trustee and its properties. Certain of these borrowings also require ESR-LOGOS REIT to indemnify the lenders in relation to any breach of such covenants, representations and warranties. In the event that the lenders, or any party entitled to enforce the covenants, representations, warranties and indemnities make a claim in respect of any of them, the assets of ESR-LOGOS REIT may be used to satisfy such a claim and this could have a material adverse effect on ESR-LOGOS REIT.

ESR-LOGOS REIT may seek to repay maturing debt with funds from additional debt or equity financings or both. There can be no assurance that such financing will be available on acceptable terms, or at all.

ESR-LOGOS REIT is also subject to the risk that its existing borrowings may have their repayments accelerated or terminated by the lenders upon the occurrence of certain events. Even if ESR-LOGOS REIT is able to refinance part or all of such existing debt, it remains subject to the risk that the terms of such refinancing will not be as favourable as the terms of its existing debt.

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<sup>2</sup> Excludes ESR-LOGOS REIT's 49.0% interest in 48 Pandan Road.

In addition, ESR-LOGOS REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict ESR-LOGOS REIT's ability to acquire future properties or to undertake other capital expenditures, or may require it to set aside funds for maintenance or repayment of security deposits.

In addition to the risks set out above, if prevailing interest rates or any other factors at the time of refinancing its debt (such as the possible reluctance of lenders to make loans in relation to industrial properties) result in ESR-LOGOS REIT having to bear higher interest rates upon refinancing its debt, the interest expense relating to such refinanced borrowings would increase, and this may adversely affect ESR-LOGOS REIT's cash flow. The occurrence of such events may adversely affect the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

Additionally, a proportion of ESR-LOGOS REIT's expected cash flow may be required to be dedicated to the payment of interest on its borrowings, thereby reducing the funds available to ESR-LOGOS REIT for use in its general business operations. Such indebtedness may also restrict ESR-LOGOS REIT's ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be vulnerable in the event of a general economic downturn.

### **ESR-LOGOS REIT is subject to interest rate fluctuations**

ESR-LOGOS REIT maintains part of its debts on a floating rate basis. Consequently, the interest cost to ESR-LOGOS REIT for the floating interest rate debt will be subject to fluctuations in interest rates. In addition, ESR-LOGOS REIT is, and may in future be, subject to market disruption clauses contained in its loan agreements with banks. Such clauses will generally provide that to the extent that the banks face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of such funds to the borrower, notwithstanding the margins agreed.

ESR-LOGOS REIT has entered, and may continue to enter, into some hedging transactions to partially mitigate the risk of interest rate fluctuations. However, there is no certainty that ESR-LOGOS REIT will be able to hedge its debts on commercially acceptable terms or at all, or that ESR-LOGOS REIT's hedging policy will adequately cover its exposure to adverse interest rate fluctuations. Interest rate hedging could fail to protect ESR-LOGOS REIT or could adversely affect ESR-LOGOS REIT because, among other things:

- (i) the available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- (ii) the party owing money in the hedging transaction may default on its obligation to pay;
- (iii) the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs ESR-LOGOS REIT's ability to sell or assign its side of the hedging transaction; and
- (iv) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Any downward adjustments would reduce the NAV of ESR-LOGOS REIT.

Hedging involves risks and transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. As a result, ESR-LOGOS REIT's financial condition and results of operations could potentially be adversely affected by interest rate fluctuations, and this may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

### **ESR-LOGOS is exposed to risks associated with foreign exchange rate fluctuations**

ESR-LOGOS REIT's overseas investments are denominated in their respective foreign currencies. However, ESR-LOGOS REIT maintains its financial statements in Singapore dollars and makes distributions in Singapore dollars. Therefore, ESR-LOGOS REIT is exposed to risks associated with exchange rate fluctuations between the Singapore dollar and the local currency of any foreign countries in which ESR-LOGOS REIT invests.

As ESR-LOGOS REIT ventures further overseas, its exposure to foreign currency risk will increase. The ESR-LOGOS REIT Manager intends to borrow in foreign currency to naturally hedge the foreign currency risk of ESR-LOGOS REIT's overseas investments where it is practical and financially feasible to do so. The ESR-LOGOS REIT Manager may enter into hedging transactions where feasible and appropriate to partially mitigate and manage the foreign currency risks associated with the cash flows generated by ESR-LOGOS REIT's overseas investments, but there can be no assurance as to the extent or efficacy of any such hedging arrangements. Hedging activities may not achieve the desired beneficial impact on ESR-LOGOS REIT's NAV, financial condition, results of operations and prospects. Hedging typically involves costs, including transaction costs, which may reduce overall returns. Such costs may increase as the tenor of the hedge increases and during periods of volatility and adverse fluctuations in foreign exchange rates.

The ESR-LOGOS REIT Manager's objectives are to manage the exposure to fluctuations in foreign exchange rates through appropriate hedging strategies and/or borrow in the foreign currency where the overseas asset is located.

### **Payment of management fees in cash by ESR-LOGOS REIT to the ESR-LOGOS REIT Manager may have an adverse effect on the cash flow of ESR-LOGOS REIT and the Issuer's ability to fulfil its payment obligations under the Perpetual Securities**

The ESR-LOGOS REIT Manager is entitled to management fees as set out in the ESR-LOGOS REIT Trust Deed, which shall be paid to the ESR-LOGOS REIT Manager in the form of cash and/or Units (as the ESR-LOGOS REIT Manager may elect prior to each such payment) out of the Deposited Property and in such proportion as may be determined by the ESR-LOGOS REIT Manager.

If ESR-LOGOS REIT is required to pay a large amount of management fees in cash to the ESR-LOGOS REIT Manager, ESR-LOGOS REIT's cash flow, financial condition and/or results of operations as well as the Issuer's ability to fulfil its payment obligations under the Perpetual Securities may be adversely affected. The price of the Perpetual Securities may be materially and adversely affected as a result.

### **ESR-LOGOS REIT may be adversely affected by the illiquidity of real estate investments**

Real estate investments are relatively illiquid. Such illiquidity may affect ESR-LOGOS REIT's ability to vary its investment portfolio or dispose of part of its assets in response to changes in economic, real estate market or other conditions. For example, ESR-LOGOS REIT may be unable to dispose of its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, ESR-LOGOS REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on ESR-LOGOS REIT's financial condition and results of operations, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**ESR-LOGOS REIT's strategy of investing in industrial properties may entail a higher level of risk as compared to other types of trusts that have a more diverse range of permitted investments**

ESR-LOGOS REIT's principal strategy of investing, directly or indirectly, in industrial real estate entails a higher level of risk than a portfolio which has a diverse range of investments. This concentration of investments in a portfolio of industrial real estate assets may cause ESR-LOGOS REIT to be susceptible to a downturn in the industrial real estate market. A downturn in the industrial real estate market may lead to a decline in the rental income of ESR-LOGOS REIT's properties and/or a decline in the capital value of such properties, either of which may have a material and adverse impact on the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The ESR-LOGOS REIT Manager may not be able to implement its investment or growth strategies and may encounter difficulties in completing or integrating acquisitions**

The ESR-LOGOS REIT Manager's investment strategy includes expanding ESR-LOGOS REIT's portfolio of industrial properties in Singapore and Australia and expanding its portfolio to include industrial properties in other overseas markets. There can be no assurance that the ESR-LOGOS REIT Manager will be able to expand ESR-LOGOS REIT's portfolio further, or at any specified rate or to any specified size. The ESR-LOGOS REIT Manager may not be able to make investments or acquisitions on favourable terms in a desired time frame or at all.

ESR-LOGOS REIT relies on external sources of funding to expand its portfolio, and there is no assurance that such funding will be available on favourable terms, or at all. Even if ESR-LOGOS REIT were able to complete additional property investments successfully, there is no assurance that ESR-LOGOS REIT will achieve its intended return on such investments. As the amount of debt ESR-LOGOS REIT can incur to finance acquisitions is limited (for example, by the Property Funds Appendix and various financial and restrictive covenants in ESR-LOGOS REIT's debt instruments and/or loan facilities), such acquisitions may be dependent on ESR-LOGOS REIT's ability to raise equity capital. Potential vendors may also view the necessity of raising equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there has been significant competition from other real estate investors for attractive investment opportunities, particularly for industrial properties in Singapore, Australia and regionally. These real estate investors include other industrial REITs, commercial property development companies and private investment funds, both foreign and domestic, which may be larger in terms of assets and revenue and/or have greater financial resources, better quality of assets and stronger relationships with potential vendors and tenants compared to ESR-LOGOS REIT. There is no assurance that ESR-LOGOS REIT will be able to compete effectively against such entities or that ESR-LOGOS REIT's acquisition growth strategy can be successfully implemented as increased competition may adversely affect its ability to acquire properties in Singapore, Australia or regionally.

Even if ESR-LOGOS REIT were able to successfully acquire property or investments, there is no assurance that ESR-LOGOS REIT will achieve its intended return on such acquisitions or investments as potential challenges such as (i) facing difficulty in integrating acquired businesses and operations into ESR-LOGOS REIT's structure; (ii) facing difficulty in maintaining favourable business relationships of acquired operations; (iii) restructuring and/or terminating unfavourable relationships; (iv) encountering unforeseen liabilities of the acquisition of businesses; (v) failing to realise the benefits from goodwill and intangible assets resulting from the acquisitions which may result in write-downs; (vi) failing to achieve anticipated business volumes; and (vii) failing to retain key personnel, may be faced. Any of these factors could prevent the ESR-LOGOS REIT Manager from realizing the anticipated benefits of its acquisitions, including additional revenue, operational synergies and economies of scale.

There is also no assurance that ESR-LOGOS REIT will be able to implement its growth strategy successfully. On 16 July 2020, the ESR-LOGOS REIT Manager and the manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**") jointly announced the proposed merger (the "**Sabana Merger**") of ESR-REIT and Sabana REIT, subject to, among others, the approval of the unitholders of ESR-REIT and Sabana REIT. While all resolutions in relation to the Sabana Merger were duly passed by ESR-REIT's unitholders at its extraordinary general meeting on 4 December 2020, the resolution to amend Sabana REIT's trust deed to include provisions that will facilitate the implementation of the Sabana Merger was not approved at Sabana REIT's extraordinary general meeting on 4 December 2020. As the Sabana Merger is conditional upon, amongst other things, the amendments of Sabana REIT's trust deed, both REITs did not proceed with the transaction.

On 15 October 2021, the ESR-LOGOS REIT Manager and the manager of ALOG jointly announced the proposed merger of ESR-REIT and ALOG by way of a trust scheme of arrangement, subject to, among others, the approval of the unitholders of ESR-REIT and ALOG. As of 28 April 2022, ESR-REIT and ALOG have completed the merger, following which ALOG delisted from the SGX-ST on 5 May 2022 and renamed as "ALOG Trust". However, there can be no assurance that the merger of ESR-REIT and ALOG can be successfully integrated into ESR-LOGOS REIT's structure.

In the event that the ESR-LOGOS REIT Manager (i) is not able to successfully implement its investment or growth strategy for ESR-LOGOS REIT; (ii) encounter difficulties in completing or integrating its acquisitions; or (iii) effectively compete against its competitors, ESR-LOGOS REIT's business, financial condition and results of operations may be adversely affected, which may in turn adversely affect the ability of the Issuer to fulfil its payment obligations under the Perpetual Securities. Please also see the risk factor titled "*The properties owned by ESR-LOGOS REIT may be subject to risks associated with the acquisition of properties*".

**The expected benefits of the ALOG Merger may not be realised and the future prospects of the Group will depend on the ability to integrate ALOG and manage other challenges**

The success of the ALOG Merger and the future prospects of the Group will depend, in part, on the ability to integrate ALOG's business and operations with the Group's existing businesses. The integration process may be complex, costly and time consuming. The difficulties of integrating the business include, among others:

- failure to implement business plans for the combined business;
- unanticipated issues in integrating logistics, information, accounting, communications and other systems within the Group;
- inconsistencies in standards, controls, procedures and policies between ALOG and the Group's business;
- unanticipated changes in applicable laws and regulations;
- failure to integrate, motivate and retain as well as ability to attract or recruit, on a timely basis, key employees;
- operating risks inherent in ALOG's business and in the Group's business; and
- unanticipated issues, expenses and liabilities.

It may not be possible to maintain the levels of revenue, earnings or operating efficiency that the Group's business and ALOG, respectively, have achieved or might achieve separately. In addition, it may not be possible to accomplish the integration of the two businesses smoothly, successfully or within the anticipated costs or timeframe or achieve the projected revenue and costs synergies related to the ALOG Merger. In the event there are difficulties with the integration process, the anticipated benefits of the ALOG Merger may not be realised fully, or at all, or may take longer to realise than expected.

**The Unaudited Pro Forma Financial Information and Pro Forma Operational Information contained in this Supplemental Information Memorandum is presented for illustrative purposes only (and may not be suitable for any other purposes) and is not necessarily indicative of the future performance of the Enlarged Trust**

The Unaudited Pro Forma Financial Information and Pro Forma Operational Information contained in this Supplemental Information Memorandum incorporates the effects of the completion of the ALOG Merger. The Unaudited Pro Forma Financial Information and Pro Forma Operational Information are presented for illustrative purposes only, may not be an accurate indication of what the Group's results of operations would have been had the ALOG Merger been completed on the dates assumed and is based on various adjustments and assumptions including preliminary estimates. The actual financial condition and results of operations following the completion of the integration of the ALOG business may not be consistent with, or evident from, these Unaudited Pro Forma Financial Information and Pro Forma Operational Information. In addition, the assumptions used in preparing the Unaudited Pro Forma Financial Information and Pro Forma Operational Information may not be realised, and other factors may affect the Group's financial condition or results of operations.

The objective of the Unaudited Pro Forma Financial Information and Pro Forma Operational Information is to provide information about the impact of the ALOG Merger by indicating how the ALOG Merger might have affected the Group's historical total return, distributable income, financial position or, as the case may be, operational position had it occurred as indicated above. In particular, the Unaudited Pro Forma Financial Information comprises historical financial information of the Group for the financial year ended 31 December 2021 and historical financial information of ALOG and its Subsidiaries for the financial year ended 31 December 2021 which have been retrospectively combined to reflect the effect of the ALOG Merger as described in the notes thereto and do not reflect any adjustments to incorporate significant trends or other factors that may be of relevance in considering future performance. Potential investors must exercise caution when using such data to evaluate the ALOG Merger.

In addition, the Unaudited Pro Forma Financial Information included in this Supplemental Information Memorandum has been prepared by the ESR-LOGOS REIT Manager based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 and the audited consolidated financial statements of ALOG and its Subsidiaries for the financial year ended 31 December 2021. Neither the adjustments nor the resulting Unaudited Pro Forma Financial Information have been the subject of an audit by an independent auditor and have not been compiled by an independent auditor. The Unaudited Pro Forma Financial Information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor. Investors are cautioned not to place undue reliance on the Unaudited Pro Forma Financial Information.

Investors should read the Unaudited Pro Forma Financial Information and Pro Forma Operational Information in conjunction with the Group's audited consolidated financial statements (and their respective notes thereto) and other financial and operational information contained elsewhere in this Supplemental Information Memorandum. Investors should also refer to the audited consolidated financial statements of ALOG and its Subsidiaries for the financial year ended 31 December 2021 (and the notes thereto) (the "**ALOG Financials**") which have been published on ALOG's website and on the website of the SGX-ST. For the avoidance of doubt, the ALOG Financials are not incorporated by reference into, and does not form part of this Supplemental Information Memorandum.

**The ESR-LOGOS REIT Manager may invest overseas and may be subject to associated risks**

The ESR-LOGOS REIT Manager may venture to invest in yield-accretive properties overseas to enhance ESR-LOGOS REIT's value. For example, on 14 May 2021, ESR-LOGOS REIT completed the acquisition of 10.0% of the total issued units in ESR Australia Logistics Partnership ("EALP") for a purchase consideration of A\$60.5 million, marking ESR-LOGOS REIT's first overseas expansion. There may be operational and currency risks involved in expanding the overseas business.

Investment in properties in foreign countries will expose ESR-LOGOS REIT to local real estate market conditions in these countries. An economic decline in any one or more of the countries in which the properties owned by ESR-LOGOS REIT are located could adversely affect ESR-LOGOS REIT's business, financial condition, performance or prospects. Other local real estate market conditions which may adversely affect ESR-LOGOS REIT's performance include the attractiveness of competing industrial properties, the supply of industrial properties and demand from tenants.

Furthermore, ESR-LOGOS REIT will be subject to foreign real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies and any unexpected changes to the same. For example, real estate laws differ from country to country and ESR-LOGOS REIT's business in these countries may not always enjoy the same level of legal rights or protection that it is afforded in Singapore. More stringent or onerous real estate laws may be adopted in the future in the countries where ESR-LOGOS REIT may operate its business, and that may restrict ESR-LOGOS REIT's ability to operate its business. The risk profile of ESR-LOGOS REIT may therefore encompass the risks involved in each of the countries or businesses that ESR-LOGOS REIT operates, and such risks may adversely affect the business, financial condition, performance or prospects of ESR-LOGOS REIT. There might also be a negative impact on ESR-LOGOS REIT's investments located in a foreign country as a result of measures and policies adopted by the relevant foreign governments and authorities at the local and national levels, including the imposition of foreign exchange restrictions. There is a risk that ESR-LOGOS REIT will not be able to repatriate the income and gains derived from investment in real estate and other assets in these foreign countries. It may also be difficult to obtain legal protection and recourse in some countries.

In addition, the income and gains derived from investment in properties in foreign countries may be subject to various types of taxes in Singapore and in such countries, including income tax, withholding tax, capital gains tax and such other taxes which may be imposed specifically for ownership of real estate. All these taxes, which are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, could adversely affect and erode the returns from these properties and hence the yield to investors. There is also no assurance that ESR-LOGOS REIT will be able to repatriate to Singapore the income and gains derived from investment in properties outside Singapore on a timely and regular basis. Any inability to repatriate the income and gains to Singapore will affect the ability of the Issuer to fulfil its payment obligations under the Perpetual Securities.

**The ESR-LOGOS REIT Manager's strategy to initiate asset enhancement and/or development works on the properties owned by ESR-LOGOS REIT from time to time may not materialise**

The ESR-LOGOS REIT Manager may from time to time initiate asset enhancement and/or development works on some of the properties owned by ESR-LOGOS REIT at the request of existing or pre-committed tenants or to attract new tenants. There is no assurance that such plans for asset enhancement and/or development works will materialise, or in the event that they do materialise and are completed, that they will be able to achieve their desired results. The proposed AEI are also subject to ESR-LOGOS REIT obtaining the approvals of the relevant authorities. Furthermore, the ESR-LOGOS REIT Manager may not be able to carry out the

proposed AEI within a desired timeframe, and any benefit or return which may arise from such AEI may be reduced or lost. Despite the significant costs that may have been incurred by ESR-LOGOS REIT in the course of such asset enhancement and/or development works, such properties may still be unable to attract new tenants or retain existing tenants and pre-committed tenants may default on their pre-commitment obligations. This may adversely affect the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**ESR-LOGOS REIT may not be able to control or exercise any influence over entities in which it has minority interests or over the management of strata sub-divided properties in which it owns strata lots**

ESR-LOGOS REIT may, in the course of future acquisitions, acquire minority interests in real estate-related investment entities ("**Other Investment Entities**"). For example, on 14 May 2021, ESR-LOGOS REIT completed the acquisition of 10.0% of the total issued units in EALP for a purchase consideration of A\$60.5 million. EALP, which comprises 37<sup>3</sup> prime logistics properties all located in Australia, is a private fund managed by ESR Asset Management (Australia) Pty Ltd ("**ESR AM**"), an indirect subsidiary of ESR. ESR-LOGOS REIT may also acquire strata lots in strata sub-divided properties ("**Strata Sub-divided Properties**") in the future. There can be no assurance that ESR-LOGOS REIT will be able to (i) control such Other Investment Entities or exercise any influence over the assets of such entities or their distributions to ESR-LOGOS REIT or (ii) control or exercise any influence over the management of the Strata Sub-divided Properties, depending on the share value of the strata lots owned by ESR-LOGOS REIT. Furthermore, the Other Investment Entities may also develop objectives which are different from those of ESR-LOGOS REIT and may not be able to make distributions. The management of such Other Investment Entities and Strata Sub-divided Properties may make decisions regarding such entities or properties they control which adversely affect the operations of ESR-LOGOS REIT, and this may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The ESR-LOGOS REIT Manager and the Property Manager are indirectly owned by ESR. There are potential conflicts of interest amongst ESR, ESR-LOGOS REIT, the ESR-LOGOS REIT Manager and the Property Manager**

As at 28 April 2022, ESR (through its wholly-owned subsidiaries) owns 67.3% of the ESR-LOGOS REIT Manager and 100.0% of the Property Manager. ESR is engaged in, and/or may engage in, among other things, the development, operation, portfolio management and investment of real estate specifically within Asia-Pacific ("**APAC**"), with a focus on New Economy properties which includes logistics and hi-specs properties.

As a result, the strategy and activities of ESR-LOGOS REIT may be influenced by the overall interests of ESR. There can be no assurance that conflicts of interest will not arise between ESR and ESR-LOGOS REIT in the future. Furthermore, there can be no assurance that ESR will not favour properties retained in its own property portfolio, or which it manages or operates, over those owned by ESR-LOGOS REIT. ESR may in the future, sponsor, manage or invest in other REITs or other vehicles which may also compete directly with ESR-LOGOS REIT. This could lead to lower occupancy rates and/or lower revenue for the properties owned by ESR-LOGOS REIT, which may in turn result in a material adverse effect on ESR-LOGOS REIT's gross revenue and this may indirectly affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

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3 At the time of acquisition. As at 31 December 2021, EALP comprises 36 prime logistics properties in Australia.

**There is no assurance that ESR-LOGOS REIT will be able to continue to leverage and tap on ESR's capabilities and expertise in the operation of the properties owned by ESR-LOGOS REIT or the management of ESR-LOGOS REIT**

As at 28 April 2022, ESR (through its wholly-owned subsidiaries) owns 100.0%, 67.3% and 11.03% in the Property Manager, the ESR-LOGOS REIT Manager and ESR-LOGOS REIT, respectively.

However, if and when ESR decides to transfer or dispose of its interests in ESR-LOGOS REIT or its shares in the ESR-LOGOS REIT Manager or the Property Manager, ESR-LOGOS REIT may no longer be able to leverage:

- (i) ESR's on-the-ground real estate expertise in the APAC region;
- (ii) ESR's financial strength, market reach and network of contacts to further ESR-LOGOS REIT's growth; and/or
- (iii) ESR's pipeline of properties and development work-in-progress pipeline.

This may have a material adverse effect on ESR-LOGOS REIT's business, financial condition, results of operations and/or prospects.

**ESR-LOGOS REIT may be involved in legal and other proceedings from its operations from time to time**

ESR-LOGOS REIT may be involved from time to time in disputes with various parties such as tenants, contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the asset enhancement, operation and purchase of the properties owned by ESR-LOGOS REIT. These disputes may lead to legal and/or other proceedings, and may cause ESR-LOGOS REIT to suffer additional costs and delays. In the event that such proceedings are resolved in favour of other parties against ESR-LOGOS REIT, there may be an adverse impact on ESR-LOGOS REIT's financial condition and results of operations. Additionally, ESR-LOGOS REIT may have disputes with governmental or regulatory bodies in the course of its operations and may be subject to administrative proceedings and unfavourable orders, directives or decrees. This may in turn result in financial losses and delays in the completion of works and/or the construction of properties. Should any of the above circumstances develop into actual events, the business, results of operations and financial condition of ESR-LOGOS REIT may be materially and adversely affected, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**ESR-LOGOS REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations**

ESR-LOGOS REIT's success depends, in part, upon the continued service and performance of members of the ESR-LOGOS REIT Manager's senior management team and certain key senior personnel. These key personnel may leave the ESR-LOGOS REIT Manager or compete with it and ESR-LOGOS REIT. The loss of any of these individuals, or of one or more of the ESR-LOGOS REIT Manager's other key employees, without suitable and/or timely replacement, could have a material adverse effect on ESR-LOGOS REIT's results of operations and financial condition, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**Properties of ESR-LOGOS REIT and ESR-LOGOS REIT's operation may be affected or damaged by acts of terrorism and other acts of violence or war and adverse political developments**

The presence of terrorist activities, acts of violence or war and adverse political developments could materially and adversely affect international financial markets and the Singapore economy. Acts of terrorism and other acts of violence and war could also cause physical damage to the properties owned by ESR-LOGOS REIT. Such developments may lead to a significant disruption to the business or operation of the relevant properties and result in an adverse impact on the financial condition and results of operations of ESR-LOGOS REIT.

**ESR-LOGOS REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs**

ESR-LOGOS REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs in the jurisdictions in which it operates. There is no assurance that MAS or any other relevant authority will not introduce new legislation, regulations, guidelines or directions which would adversely affect REITs generally or ESR-LOGOS REIT specifically. Changes in legislation, regulations or government policies may increase the cost of compliance with such laws, regulations or policies and may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

**If the Capital Markets Services Licence of the ESR-LOGOS REIT Manager is cancelled, not renewed or revoked by MAS, the operations of ESR-LOGOS REIT may be adversely affected**

The Capital Markets Services Licence issued to the ESR-LOGOS REIT Manager is subject to certain conditions. If the ESR-LOGOS REIT Manager fails to satisfy or comply with these conditions, the Capital Markets Services Licence of the ESR-LOGOS REIT Manager may be cancelled, not renewed or revoked by MAS. The operations of ESR-LOGOS REIT will be adversely affected as the ESR-LOGOS REIT Manager would no longer be able to act as the manager of ESR-LOGOS REIT. ESR-LOGOS REIT would need to expend time and resources searching for a replacement manager and the operations of ESR-LOGOS REIT may accordingly be adversely affected, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The accounting standards applicable to ESR-LOGOS REIT are subject to change in the future**

The financial statements of ESR-LOGOS REIT may be affected by the introduction of new or revised accounting standards applicable to ESR-LOGOS REIT. The Singapore Accounting Standards Council may issue new and revised accounting standards and pronouncements from time to time and the Institute of Singapore Chartered Accountants may revise the recommendations of Statement of Recommended Accounting Practice 7 Reporting Framework for Investment Funds from time to time. The financial statements of ESR-LOGOS REIT may be affected by the introduction of changes in accounting standards. The extent and timing of such changes are currently unknown and subject to confirmation by the relevant authorities. There can be no assurance that any changes in the accounting standards will not have a material adverse effect on ESR-LOGOS REIT's business, financial condition, results of operations and prospects.

**A substantial number of the leasehold properties owned by ESR-LOGOS REIT as at 31 March 2022 have leases for terms of three years, which may expose such properties to a significant number of lease expiries each year**

The leasehold properties owned by ESR-LOGOS REIT as at 31 March 2022 have lease cycles in which a substantial number of the leases expire each year. Vacancies following the non-renewal of leases may lead to reduced occupancy rates. If a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, this could adversely affect the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

## **RISKS RELATING TO THE PROPERTIES OF ESR-LOGOS REIT**

**ESR-LOGOS REIT is exposed to general risks associated with the ownership and management of real estate**

Property investment is subject to risks incidental to the ownership and management of industrial properties including, among other things, competition for tenants, changes in market rent, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in ESR-LOGOS REIT's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond ESR-LOGOS REIT's control.

The activities of ESR-LOGOS REIT may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

Any of the above factors may adversely affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The properties owned by ESR-LOGOS REIT are predominantly industrial in nature and are located in Singapore and Australia and are therefore exposed to the economic and real estate conditions in Singapore and Australia**

As at the date of this Supplemental Information Memorandum, all of ESR-LOGOS REIT's properties are used predominantly for industrial purposes and are located in Singapore and Australia. This concentration of investments in a portfolio of industrial real estate assets in Singapore and Australia may entail a higher level of risk, as compared to other REITs which have properties spread over more countries. ESR-LOGOS REIT is heavily exposed to the risk of a prolonged downturn in economic and real estate conditions in Singapore and Australia, both of which may lead to a decline in the rental income in the properties and/or a decline in the capital value of such properties, thus adversely affecting ESR-LOGOS REIT's results of operations, financial condition and future growth.

In addition, the performance of ESR-LOGOS REIT may also be adversely affected by local real estate market conditions, such as the competitiveness of competing industrial properties, an oversupply of industrial properties or reduced demand for industrial properties or limited uses of industrial properties.

ESR-LOGOS REIT's business, results of operations and/or future growth may also be adversely affected by competition for business and direct investment from other Asian countries such as China, India, Malaysia, Indonesia, Thailand, Vietnam or the Philippines, where the operating cost and rental and property rates may be substantially lower than those in Singapore and Australia. There can be no assurance that prospective or current tenants will not seek properties in locations outside of Singapore and Australia, which could have an adverse effect on ESR-LOGOS REIT's results of operations and/or future growth, with a consequential adverse effect on the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The cash flow of ESR-LOGOS REIT may be adversely affected by declining rental rates**

The amount of cash flow available to ESR-LOGOS REIT will depend in part on its ability to continue to lease the properties owned by ESR-LOGOS REIT on economically favourable terms. As most of the income generated from the properties owned by ESR-LOGOS REIT is derived from rentals, ESR-LOGOS REIT's cash flow may be adversely affected by any significant decline in the rental rates at which ESR-LOGOS REIT is able to lease its properties and to renew existing leases or attract new tenants. There can be no assurance that the rental rates will not decline at some point during the period from each issue of the Perpetual Securities until their redemption and that such decline will not have an adverse effect on the cash flow of ESR-LOGOS REIT, which may in turn affect ESR-LOGOS REIT's business, financial condition and/or results of operations.

**The properties owned by ESR-LOGOS REIT may face competition from other properties**

There are many existing and new industrial properties in Singapore and Australia that compete with the properties owned by ESR-LOGOS REIT in attracting and retaining tenants. Whenever competing properties in the vicinity of properties owned by ESR-LOGOS REIT are developed or substantially upgraded and refurbished, the attractiveness of such properties may be affected. The properties owned by ESR-LOGOS REIT will also compete with properties that may be developed in the future. The development of such properties may adversely affect the demand and rental rates for properties owned by ESR-LOGOS REIT and consequently the financial condition and results of operations of ESR-LOGOS REIT. This may in turn affect the availability of cash flows and the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

Factors that affect the ability of industrial properties to attract or retain tenants include connectivity through proximity to strategic infrastructure amenities and major highways, the attractiveness and relevance of the specifications of the building and the surrounding area to prospective tenants and their customers, the quality of the building's existing tenants as well as the performance of the relevant building's property manager. The income from, and market value of, the properties owned by ESR-LOGOS REIT will be largely dependent on the ability of these properties to compete with other industrial properties in the relevant localities in attracting and retaining tenants. Historical operating results and the market values of the properties owned by ESR-LOGOS REIT may not be indicative of future operating results and market values of such properties.

**The revenue stream and the value of the properties owned by ESR-LOGOS REIT may be adversely affected by a number of factors**

The revenue stream and the value of the properties owned by ESR-LOGOS REIT may be adversely affected by a number of factors which include:

- (i) vacancies following expiry or termination of leases or licences that lead to lower occupancy rates which in turn reduce ESR-LOGOS REIT's revenue and its ability to recover certain operating costs such as government rates (including property and other taxes), government rents, utility charges and other charges payable by the tenants and licensees;

- (ii) the ESR-LOGOS REIT Manager's ability to collect rent or licence fees from tenants and licensees on a timely basis or at all;
- (iii) the amount and extent to which ESR-LOGOS REIT grants waivers of interest on late payment of rent;
- (iv) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income or delays in the termination of the tenant's lease, or which could hinder or delay the sale of a property or the re-letting of the premises in question;
- (v) the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- (vi) the national and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, industrial space, compulsory acquisitions or release of land by the governments of the jurisdictions in which the Group operates, general downturns in market rental rates and increases in operating expenses for the properties owned by ESR-LOGOS REIT);
- (vii) the ESR-LOGOS REIT Manager's ability to provide adequate management and maintenance services and insurance;
- (viii) tenants or sub-tenants failing to comply with the terms of their leases or sub-leases;
- (ix) bankruptcy, insolvency or downturn in the business of tenants or sub-tenants which may result in the non-renewal of their leases or sub-leases or the termination of their leases or sub-leases before they expire;
- (x) competition for tenants from other similar properties which may affect rental or occupancy rates of the properties owned by ESR-LOGOS REIT;
- (xi) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights relating to the relevant properties may also be restricted by legislative actions, such as revisions to the building standards laws or the town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment;
- (xii) power outages, shortages or interruptions;
- (xiii) acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of the ESR-LOGOS REIT Manager; and
- (xiv) defects affecting any of the properties owned by ESR-LOGOS REIT which could affect the operations of tenants resulting in the inability of such tenants to make payments of rent in a timely manner, if at all.

**The properties owned by ESR-LOGOS REIT may be subject to increases in operating and other expenses**

ESR-LOGOS REIT's net income could be adversely affected, if operating and other expenses of the properties owned by ESR-LOGOS REIT increase without a corresponding increase in revenues or tenant reimbursement of operating and other costs.

Factors which could increase operating and other expenses include, among others:

- (i) increases in property taxes and other statutory charges;
- (ii) changes in direct or indirect tax policies;
- (iii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (iv) increases in sub-contracted service costs;
- (v) increases in agent commission expenses for procuring new tenants;
- (vi) increases in the rate of inflation;
- (vii) costs arising from litigation claims;
- (viii) increases in insurance premiums;
- (ix) increases in the amount of maintenance and sinking fund contributions payable to the management corporations of the properties owned by ESR-LOGOS REIT;
- (x) increases in repair and maintenance costs;
- (xi) increases in payroll expenses and labour costs;
- (xii) increases in annual rents and/or service charges payable to the lessors under the land leases for the properties owned by ESR-LOGOS REIT;
- (xiii) damage or defects affecting any of the properties owned by ESR-LOGOS REIT which need to be rectified, leading to unforeseen capital expenditure; and
- (xiv) increases in costs of energy and utilities.

**The properties owned by ESR-LOGOS REIT may be subject to risks associated with the acquisition of properties**

While the ESR-LOGOS REIT Manager believes that reasonable due diligence investigations have been and will be conducted with respect to the properties owned by ESR-LOGOS REIT prior to their acquisition, there can be no assurance that such properties will not have certain defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the properties owned by ESR-LOGOS REIT which may require additional capital expenditure, special repair or maintenance expenses) other than those which have been previously disclosed to the ESR-LOGOS REIT Manager. Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on ESR-LOGOS REIT's earnings and cash flows. This may affect the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

Any expert report that the ESR-LOGOS REIT Manager relies on as part of its due diligence investigations of the properties owned by or to be acquired by ESR-LOGOS REIT may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

Notwithstanding the due diligence investigations which have been and will be carried out on the properties owned by ESR-LOGOS REIT, some of the properties owned by ESR-LOGOS REIT may still not be in compliance with certain laws and regulations. ESR-LOGOS REIT may incur financial or other obligations in relation to such breaches or non-compliance. This may affect the financial condition and results of operations of ESR-LOGOS REIT which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

The representations, warranties and indemnities granted or to be granted in favour of ESR-LOGOS REIT by the vendors of the properties owned by ESR-LOGOS REIT may be subject to limitations as to their scope and as to the amount and timing of claims which can be made. Additionally, the time frame for such claims to be made may have expired. There is no assurance that ESR-LOGOS REIT will be entitled to be reimbursed under such representations, warranties and indemnities for any losses or liabilities suffered or incurred by it as a result of its acquisition of these properties. This may affect the financial condition and results of operations of ESR-LOGOS REIT, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The properties owned by ESR-LOGOS REIT in Singapore are mainly industrial properties and have limited uses**

The properties owned by ESR-LOGOS REIT in Singapore are mainly located on sites zoned for industrial purposes in the Master Plan Zoning (2014 edition) (with reference to the Draft Master Plan 2019). As a result, the properties located in Singapore on such designated lands may only be used for a specific purpose. If ESR-LOGOS REIT or any of the tenants in the single-tenanted buildings terminates any of the lease agreements, or if a tenant loses its licence to operate, ESR-LOGOS REIT may not be able to find a replacement tenant to lease those industrial facilities in a timely manner or on terms acceptable to ESR-LOGOS REIT or at all. In the event that ESR-LOGOS REIT is unable to find a tenant to lease the affected property in Singapore for industrial purposes, ESR-LOGOS REIT may need to change the use of the affected property in Singapore in order to be able to lease it and to generate income. There can be no assurance that ESR-LOGOS REIT will be able to obtain the requisite approval to change the zoning of the sites on which its properties in Singapore are located, and even if such approvals are obtained, ESR-LOGOS REIT may be required to incur significant time and expenditure to alter its properties to make them suitable for other uses. If any of the above events were to occur, ESR-LOGOS REIT's financial condition and results of operations may be materially and adversely affected, and this may indirectly affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The loss of anchor tenants, sub-tenants and licensees of the properties owned by ESR-LOGOS REIT could directly or indirectly reduce the cash flow of ESR-LOGOS REIT**

ESR-LOGOS REIT is directly dependent on the anchor tenants, sub-tenants and licensees of the properties owned by it for the revenue from such properties. ESR-LOGOS REIT is therefore subject to the risk of default on rental payments and negotiation of reduced rent by the anchor tenants, sub-tenants and licensees. It is also subject to the risk of non-renewal, non-replacement or early termination of the underlying tenancies in the event that these anchor tenants, sub-tenants and licensees become bankrupt or insolvent, suffer a downturn in business, prematurely terminate their leases, do not renew their leases at expiry, or reduce their leased space in the properties owned by it. For example, the ESR-LOGOS REIT Manager announced on

12 March 2020 that the ESR-LOGOS REIT Trustee had on 11 March 2020 filed proofs of claim against Hyflux Membrane Manufacturing (S) Pte Ltd, which is a tenant of the property at 8 Tuas South Lane and used to be one of ESR-LOGOS REIT's top 10 tenants. Factors that affect the ability of such anchor tenants, sub-tenants and licensees to meet their obligations include, but are not limited to, ability of such anchor tenants, sub-tenants and licensees to compete with its competitors; adverse changes in the local economies in which they have business operations; and external factors such as acts of God, terrorist attacks, riots, civil commotions, widespread communicable diseases or other events beyond the control of the ESR-LOGOS REIT Manager in Singapore, Australia or in other countries where the anchor tenants, sub-tenants and licensees may have business dealings. In the event that the tenancies are terminated, there is no guarantee that replacement anchor tenants, sub-tenants and licensees may be found in a timely manner and on satisfactory terms, if at all.

The loss of one or more of the anchor tenants, sub-tenants and licensees of the properties owned by ESR-LOGOS REIT could result in periods of vacancy which could adversely affect ESR-LOGOS REIT's income. In addition, the amount of rent and the terms of new leases entered into with replacement anchor tenants, sub-tenants and licensees or renewal leases entered into with current tenants and licensees may be less favourable than the existing leases. This would adversely affect ESR-LOGOS REIT's results of operations and financial condition, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

The performance of the tenant of 2 & 4 Changi Business Park Avenue 1 ("**Hotel Lessee**") and its ability to pay rent may additionally be affected by factors beyond its control, such as the changes in economic conditions, the level of demand for the accommodation at Park Avenue Changi Hotel, competition in the hospitality and hospitality-related industries and other factors relating to the operations of the hotel. If the Hotel Lessee terminates or does not renew its lease on expiry, the business, financial condition and operating results of ESR-LOGOS REIT may be adversely affected. In addition, the amount of rental and the terms on which the lease is renewed may also be less favourable than the current lease and the replacement of the Hotel Lessee on satisfactory terms may not be carried out in a timely manner or at all, which may affect the business, financial condition and results of operations of ESR-LOGOS REIT. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**Any breach by the major tenants of their obligations under the lease agreements may have a material and adverse impact on ESR-LOGOS REIT**

In the event that any major tenants of ESR-LOGOS REIT are unable to pay their rent or breach their obligations under their respective lease agreements, and the relevant security deposits are insufficient to cover the losses incurred by ESR-LOGOS REIT, ESR-LOGOS REIT's results of operations and financial condition may be materially and adversely affected, and this may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial condition;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

**Certain of ESR-LOGOS REIT's properties are held pursuant to land leases from JTC Corporation ("JTC"), CapitaLand Singapore BP&C Pte Ltd ("CapitaLand") and/or the President of the Republic of Singapore and these land leases contain certain provisions which are subject to variation and which may have an adverse effect on ESR-LOGOS REIT's financial condition and results of operations**

The ESR-LOGOS REIT Trustee, on behalf of ESR-LOGOS REIT, and the VT Trustee, on behalf of VT, owns properties pursuant to land leases from JTC, CapitaLand and/or the President of the Republic of Singapore.

Properties which are held on land leases from JTC (a "**JTC Lease**"), as well as the lease with CapitaLand, each contain a clause that requires ESR-LOGOS REIT to surrender free of cost to the Singapore Government portions of the respective properties that may be required in the future for certain public uses, such as roads, drainage and other public improvements. There have been previous instances in which lessees of land from JTC or CapitaLand, as the case may be, have been required to surrender portions of their land to the Singapore Government for the construction of roads, without compensation, pursuant to similar provisions in the relevant land leases. If ESR-LOGOS REIT is required to surrender a portion of one of its properties to the Singapore Government, it may have an adverse impact on the gross revenue and the value of such property.

Furthermore, properties held under a JTC Lease contain certain standard terms and conditions requiring the lessee:

- (i) to pay a yearly land rent to JTC;
- (ii) not to demise, sell, assign, charge, create a trust or agency, mortgage, let, sublet or permit underletting, grant a licence or part with or share the possession or occupation of the whole or part of the relevant property and/or not to effect any form of reconstruction howsoever brought about including any form of amalgamation or merger with or take-over by another company, firm, body or party without first obtaining JTC's prior written consent;
- (iii) not to use or permit the relevant property to be used other than for such purposes as approved by JTC;
- (iv) not to sell, assign, transfer, create a trust or part with the possession or occupation of the relevant property without first making a written offer ("**Offer**") to JTC at the prevailing market rate and JTC shall thus have a right of first refusal to the property. In the event that JTC declines the Offer, the lessee may, subject to JTC's prior written consent, sell, assign, transfer, create a trust or part with the possession or occupation of the property; and
- (v) to grant JTC the right of re-entry if the relevant lessee fails to perform or observe any of the terms and conditions of the relevant JTC Lease. Upon re-entry, the term of the relevant JTC Lease will cease without prejudice to any right of action or other remedy that JTC may have.

Properties held under a land lease from CapitaLand contain certain standard terms and conditions requiring the lessee:

- (a) to pay yearly land rent to CapitaLand;
- (b) not to demise, sell, assign, charge, create a trust or agency, mortgage, let, sublet or permit underletting, grant a licence or part with or share the possession or occupation of the whole or part of the relevant property and/or not to effect any form of reconstruction howsoever brought about including any form of amalgamation or merger with or take-over by another company, firm, body or party without first obtaining CapitaLand's prior written consent;

- (c) not to use or permit the relevant property to be used other than for such purposes as approved by CapitaLand;
- (d) not to sell, assign, transfer, create a trust or part with the possession or occupation of the property without first making an Offer to CapitaLand at the prevailing market rate and CapitaLand shall thus have a right of first refusal to the property. In the event that CapitaLand declines the Offer, the lessee may, subject to CapitaLand's prior written consent, sell, assign, transfer, create a trust or part with the possession or occupation of the property; and
- (e) to grant CapitaLand the right of re-entry if the relevant lessee fails to perform or observe any of the terms and conditions of the relevant lease with CapitaLand. Upon re-entry, the term of the relevant lease from CapitaLand will cease without prejudice to any right of action or other remedy that CapitaLand may have.

Each of the properties held under a land lease from the President of the Republic of Singapore contains certain terms and conditions which include:

- (I) preventing the lessee, without the written approval of the lessor, from using or permitting the relevant property to be used otherwise than as permitted by the terms of the lease from the President of the Republic of Singapore or in accordance with the written approval obtained from the lessor and the competent planning authority;
- (II) granting the lessor the right of re-entry if the relevant lessee fails to perform or observe any of the terms and conditions of the relevant lease from the President of the Republic of Singapore. Upon re-entry, the term of the relevant lease from the President of the Republic of Singapore will cease without prejudice to any right of action or other remedy that the lessor may have; and
- (III) requiring the lessee to surrender to the Government of the Republic of Singapore, without compensation, such portions of the relevant property which may be required from time to time for roads, drainage, or any other public purpose as may be declared or notified to the lessee.

Compliance with the terms of such leases may restrict ESR-LOGOS REIT's ability to respond to changing real estate market conditions, re-let a property to different tenants or perform asset enhancements. In addition, any current or future breaches of its land leases may require rectification. These restrictions may have an adverse effect on ESR-LOGOS REIT's financial condition and results of operations, which may in turn affect the ability of the Issuer to fulfil its payment obligations under the Perpetual Securities. In addition, the terms of the leases with JTC, CapitaLand and/or the President of the Republic of Singapore are subject to variation from time to time and there can be no assurance that such variation will not materially and adversely impact ESR-LOGOS REIT's financial condition and results of operations and thus affect the ability of the Issuer to fulfil its payment obligations under the Perpetual Securities.

**JTC has announced that all new leases from JTC, as well as transfers of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future**

In order to facilitate overall land use planning and development needs in Singapore, JTC has announced that all new leases from JTC as well as transfers/assignments and lease renewals of JTC properties by owners should give JTC the right to buy the relevant property should the owner decide to sell the property in the future (excluding sale and lease-back transactions and mortgagee sales). According to the announcement, the reason behind this policy is that land in Singapore is scarce and the constant rejuvenation of land use is essential to optimise land use in Singapore. This policy may have an impact on ESR-LOGOS REIT's ability to acquire properties under JTC Leases or to dispose of the properties that it owns in Singapore which are held under JTC Leases.

**ESR-LOGOS REIT may not be able to extend the terms of the underlying land leases of certain of the properties which contain options to renew**

If ESR-LOGOS REIT, whether due to an inability to agree on terms, competition from other prospective lessee or any other reason, is not able to extend the lease term of the underlying leases of any of the properties which contain options to renew, ESR-LOGOS REIT may have to surrender such property to its lessor upon expiry of the original lease term. The value of the remaining properties that it owns may be substantially reduced upon such surrender. Any potential income expected after the expiry of the original lease term will not be realised. In addition, ESR-LOGOS REIT may be required to incur substantial amounts of money to reinstate a property to a state and condition acceptable to the relevant lessor, including the demolition of any existing building and/or reinstatements thereof on such property.

The underlying leases of certain of the properties that ESR-LOGOS REIT owns contain a covenant by the relevant lessor thereof to grant a further term following the expiry of the current lease term subject to the satisfaction of certain conditions, such as there being no breach of any terms and conditions of the underlying leases and certain fixed investment criteria in respect of these properties being fulfilled.

While ESR-LOGOS REIT had, where applicable, required the vendors, at the time of the acquisition of such properties, to provide written confirmation of the relevant head lessor that the pertinent fixed investment criteria had been fulfilled, there can be no assurance that such conditions for extension have been or will be satisfied or that ESR-LOGOS REIT's tenants, while in occupation of the premises, have not been or will not be in breach of the terms and conditions of the underlying leases or that any such breach has been or will be rectified in time, or at all.

**The properties owned by ESR-LOGOS REIT or parts thereof may be acquired compulsorily**

Under the laws of the jurisdictions in which the Group operates, there are various circumstances under which various governments are empowered to compulsorily acquire the Group's properties.

For example, the Land Acquisition Act 1966 of Singapore gives the Government of Singapore the power to acquire any land in Singapore:

- (i) for any public purpose;
- (ii) where the acquisition is of public benefit or of public utility or in the public interest; or
- (iii) for any residential, commercial or industrial purposes.

The compensation to be awarded pursuant to any compulsory acquisition would be based on, among other factors:

- (a) the market value of a property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication, a declaration of intention to acquire is made by publication in the Government Gazette); or
- (b) the market value of a property as at the date of publication in the Government Gazette of the declaration of intention to acquire.

Further, the laws of the countries in which the Group operates may also provide for a right by the governments of these countries to compulsorily acquire any land or property with no compensation to the owner.

In the event that the compensation paid in respect of a property of the Group is less than its market value or no compensation is paid at all, such compulsory acquisitions would have an adverse effect on the revenue of ESR-LOGOS REIT and the value of the properties owned by ESR-LOGOS REIT.

**The sub-tenancies in respect of the properties owned by ESR-LOGOS REIT in Singapore with existing sub-tenants may not have been properly approved by or notified to JTC**

Some of the properties owned by ESR-LOGOS REIT in Singapore are and may be sub-tenanted by ESR-LOGOS REIT's original anchor tenants under the Third-Party Build & Lease and Sale & Leaseback programme. These anchor tenants may sub-let parts of the properties to third parties. Some of such sub-tenancies in respect of these properties may not have been approved by or notified to JTC under the relevant JTC Lease or any other head lessor. Where approval is necessary and has been obtained, the terms of the approval may not reflect the actual terms of the relevant sub-tenancy (for example, in relation to the duration and term of the sub-tenancy or the permitted use under such sub-tenancy). This may constitute a breach of the relevant JTC Lease or lease with any head lessor which may give rise, *inter alia*, to a right of re-entry by the head lessor.

Under the JTC subletting policy to third-party providers, JTC requires at least 70.0% of the GFA to be occupied by approved anchor tenant(s) with a minimum requirement of 1,000 sqm per anchor tenant and a minimum occupation period of three years per term. JTC has since relaxed its subletting policy with effect from 1 April 2020, removing the three-year minimum occupation period requirement for replacement anchor tenants. In addition, replacement anchor tenants will only be re-assessed upon (1) a change of more than 20.0% in GFA take-up and/or (2) a change in use. Notwithstanding the above, there may still be a potential risk of the sub-tenancies in respect of the properties with original anchor tenant(s) and/or sub-tenants not being in compliance.

Any breach of JTC Leases or any other head lease or non-compliance with JTC sub-letting policies could result in significant financial loss and adversely affect ESR-LOGOS REIT's financial condition and results of operations. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**Amenities and transportation infrastructure near the properties owned by ESR-LOGOS REIT may be closed, relocated or terminated, or the commencement of their operations may be delayed**

The proximity of amenities and transportation infrastructure such as train stations and bus interchanges to the properties owned by ESR-LOGOS REIT influences the demand for and hence the occupancy of such properties.

There is no assurance that the amenities, transportation infrastructure and shuttle services near the properties owned by ESR-LOGOS REIT will not be closed, relocated or terminated in the future, or that the commencement of their operations will not be delayed. If such an event were to occur, it would adversely impact the accessibility of the affected properties and their attractiveness and marketability to tenants. This may have a negative impact on their occupancy rates and may consequently affect ESR-LOGOS REIT's financial condition and results of operations.

**ESR-LOGOS REIT may be involved in boundary disputes and there may be encroachment by, or affecting, the properties owned by it**

ESR-LOGOS REIT may be involved in boundary disputes which may cause difficulties in future dispositions of the land or unexpected costs or losses including, but not limited to, the loss of part of the land area or liability for damages arising in relation to such properties. Some of the properties are encroaching on, or being encroached upon by, the adjoining properties. Such encroachment by, or affecting, the properties may restrict the use of the land or lead to claims from neighbours. This may adversely affect ESR-LOGOS REIT's rental income and cause additional expense to be incurred by ESR-LOGOS REIT in the removal of the encroachment or reinstatement of the affected land. These risks may have an adverse effect on ESR-LOGOS REIT's financial condition and results of operations, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**ESR-LOGOS REIT is exposed to general risks associated with the development and asset enhancement works on the properties owned by it**

From time to time, ESR-LOGOS REIT carries out development and asset enhancement works on some of its properties, including building and property fitting-out works, alterations and additions, interior decoration, installation of air-conditioning units and lifts, and gardening and landscaping works. ESR-LOGOS REIT will face risks commonly associated with such development and asset enhancement activities. Such risks may include, amongst others, force majeure events, changes to governmental policies and untimely or unsatisfactory quality of services rendered by independent third-party contractors. These projects may also be subject to delays in completion or cost overruns beyond project estimates due to several factors, including disputes with the contractors and suppliers, industrial accidents, work stoppages arising from accidents at the worksite, and shortage of labour, equipment and construction materials. Such delays and cost overruns could have an adverse effect on ESR-LOGOS REIT's financial condition and results of operations.

ESR-LOGOS REIT has previously entered into, and may in the future enter into, arrangements to develop BTS facilities. The construction of new developments entails significant risks, including shortage of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of new developments. All of these factors may affect ESR-LOGOS REIT's business, financial condition and results of operations.

There is also no assurance that such projects will be able to achieve their desired results as such properties may still be unable to attract new tenants or retain existing tenants or pre-committed tenants may default on their pre-commitment obligations, and significant costs may have been incurred by ESR-LOGOS REIT in the course of such projects. These risks may have a material adverse effect on ESR-LOGOS REIT's financial condition and results of operations, which may in turn affect the ability of the Issuer to fulfil its payment obligations under the Perpetual Securities.

Please also see the risk factor titled "*Outbreak of infectious diseases or any other serious public health concerns in Singapore, Australia and elsewhere could adversely impact ESR-LOGOS REIT's financial condition, business and results of operations*".

### **ESR-LOGOS REIT relies on third parties to provide various services**

ESR-LOGOS REIT engages and relies on third-party contractors to carry out its development and asset enhancement works, in addition to providing various services in connection with the day-to-day operation of the properties owned by it. ESR-LOGOS REIT is exposed to the risk that a third-party contractor may cause a delay in project completion or incur costs in excess of project estimates. This may in turn result in excess costs which may have to be borne by ESR-LOGOS REIT in order to complete the project in a timely manner or at all.

Major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or related works, thus increasing the risk of delays in the completion of development projects, or the inability to continue with the project. This may result in additional costs to ESR-LOGOS REIT as ESR-LOGOS REIT will need to engage other third-party contractors to complete the remaining works.

There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory, be adequately covered by insurances or match ESR-LOGOS REIT's targeted quality levels. All of these factors could adversely affect ESR-LOGOS REIT's business, financial condition and results of operations.

Please also see the risk factor titled "*Outbreak of infectious diseases or any other serious public health concerns in Singapore, Australia and elsewhere could adversely impact ESR-LOGOS REIT's financial condition, business and results of operations*".

### **Renovation or redevelopment works or physical damage to the properties owned by ESR-LOGOS REIT may disrupt the operations of such properties and the collection of rental income or otherwise have an adverse effect on the financial condition of ESR-LOGOS REIT**

The quality and design of the properties owned by ESR-LOGOS REIT have a direct influence on the demand for space in, and the rental rates of, such properties. The properties owned by ESR-LOGOS REIT may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop from time to time or as a result of new planning laws, regulations or building codes. The costs of maintaining industrial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. In addition, some of the older properties owned by ESR-LOGOS REIT may be required to undergo regularisation exercises to comply with updated building codes. The business and operations of the properties owned by ESR-LOGOS REIT may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation, rectification, redevelopment works, maintenance or repairs. This may adversely affect the financial condition of ESR-LOGOS REIT, and in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

In addition, physical damage to any of the properties owned by ESR-LOGOS REIT resulting from fire or other causes may lead to a significant disruption to the business and operation of such properties and, together with the foregoing, may cause significant losses of rental income and result in an adverse impact on the financial condition and results of operations of ESR-LOGOS REIT. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

### **Potential liability for environmental problems could result in unanticipated costs**

The properties owned by ESR-LOGOS REIT may contain, or their operations may utilise certain material, processes or installations which are regulated pursuant to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal and noise pollution control, or may require environmental permits from regulatory authorities. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances. The costs of removal or remediation of such substances could be substantial. There can be no assurance that potential environmental liability does not exist or will not arise in the future. The presence of contamination or hazardous substances on the properties owned by ESR-LOGOS REIT could adversely affect ESR-LOGOS REIT's ability to lease or sell such properties or to borrow using these properties as collateral, and ESR-LOGOS REIT may be required to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on ESR-LOGOS REIT's business, financial condition, results of operations, and prospects. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

### **ESR-LOGOS REIT may suffer material losses in excess of insurance proceeds or may not put in place or maintain adequate insurance in relation to the properties owned by it and its potential liabilities to third parties**

ESR-LOGOS REIT maintains insurance policies covering its real properties in line with general business practices in the real estate industry, with policy specifications and insured limits which ESR-LOGOS REIT believes are adequate. Risks insured against include industrial special risk which covers buildings from physical loss, damage and destruction and consequential loss arising from business interruption, terrorism and public liability. The properties owned by ESR-LOGOS REIT may suffer physical damage caused by fire, natural disaster or other causes, and ESR-LOGOS REIT may suffer public liability claims and loss of rent from the inability to use such properties, resulting in losses which may not be fully compensated by insurance proceeds.

In addition, certain types of risk (such as the risk of war and losses caused by contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, ESR-LOGOS REIT could be required to pay compensation and/or may lose capital invested in the affected property as well as anticipated future revenue from that property. ESR-LOGOS REIT would also remain liable for any debt or other financial obligation related to that property. There can be no assurance that material losses in excess of insurance proceeds will not occur in the future. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

In the event that an uninsured loss or a loss in excess of insured limits occurs, ESR-LOGOS REIT may not be able to rent out such affected property for a period of time until the property is fit for occupation and this would have an adverse effect on the revenue of ESR-LOGOS REIT and the value of the properties.

In addition, should ESR-LOGOS REIT fail to put in place or maintain adequate insurance in relation to its properties and its potential liabilities to third parties, ESR-LOGOS REIT may be exposed to various liabilities and losses to the extent that such assets and liabilities are not adequately insured.

**Major natural catastrophes may materially disrupt and adversely affect the business and operations of the properties owned by ESR-LOGOS REIT**

Severe weather conditions and natural disasters such as earthquakes, tsunamis, typhoons and floods may affect the operations of the properties owned by ESR-LOGOS REIT. These events may cause substantial structural and physical damage to the properties owned by ESR-LOGOS REIT, resulting in expenses to repair the damage caused. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the relevant economies in general. This could materially and adversely affect ESR-LOGOS REIT's business, financial condition and results of operations, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The properties owned by ESR-LOGOS REIT are subject to environmental regulations and may be affected by contamination and other environmental issues**

The properties owned by ESR-LOGOS REIT may from time to time be affected by contamination or other environmental issues which may not previously have been identified and/or rectified. This gives rise to a number of risks including:

- (i) the risk of prosecution by relevant authorities;
- (ii) the requirement for unbudgeted additional expenditure to remedy such issues; and
- (iii) the adverse impact on the business operations and financial position of tenants arising from the above, affecting their ability to trade and meet their tenancy obligations.

The costs of removal or remediation of such substances could be substantial. There can be no assurance that potential environmental liability does not exist or will not arise in the future. The presence of contamination or hazardous substances on the properties owned by ESR-LOGOS REIT could adversely affect ESR-LOGOS REIT's ability to lease or sell such properties or to borrow using these properties as collateral, and ESR-LOGOS REIT may be required to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on ESR-LOGOS REIT's business, financial condition, results of operations, and prospects. This may in turn affect the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**The properties owned by ESR-LOGOS REIT might be adversely affected if the ESR-LOGOS REIT Manager or the Property Manager do not provide adequate management and maintenance services**

Should the ESR-LOGOS REIT Manager or the Property Manager fail to provide adequate management and maintenance services, the value of the properties owned by ESR-LOGOS REIT might be adversely affected and this may result in a loss of end-users. This may in turn affect the tenants' ability to pay their rent, and hence have an adverse effect on the financial condition, business, results of operations and cash flow of ESR-LOGOS REIT and the Issuer's ability to fulfil its payment obligations under the Perpetual Securities.

**Significant capital expenditure may be required periodically beyond the ESR-LOGOS REIT Manager's current estimates and ESR-LOGOS REIT may not be able to secure funding**

The properties owned by ESR-LOGOS REIT may require periodic capital expenditure beyond the ESR-LOGOS REIT Manager's current estimates for refurbishment, renovation and improvements in order to remain competitive. ESR-LOGOS REIT may not be able to fund capital improvements solely from cash provided from its operating activities and ESR-LOGOS REIT may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms. If ESR-LOGOS REIT is not able to obtain such financing, the marketability of properties owned by ESR-LOGOS REIT or the attractiveness of properties owned by ESR-LOGOS REIT to new or existing tenants may be affected.

**Redevelopment of the properties owned by ESR-LOGOS REIT may be delayed or remain uncompleted and the ESR-LOGOS REIT Manager may not be able to secure tenants for redeveloped properties**

The ESR-LOGOS REIT Manager undertakes redevelopment works of certain properties owned by ESR-LOGOS REIT from time to time and there can be no assurance that any redevelopment works will be completed on time as planned and within budget. The counterparty may also fail to deliver and/or perform its obligations in connection with any redevelopment works, thus resulting in delay or failed completion. Although the ESR-LOGOS REIT Manager has sought to mitigate some of the financial risks associated with the redevelopment works such as obtaining performance bonds and providing for liquidated damages for delay in the relevant contract, there is no assurance that the counterparty will be able to perform its obligations.

There is no guarantee that the ESR-LOGOS REIT Manager will be able to secure tenants or obtain a favourable rental rate for the properties owned by ESR-LOGOS REIT upon completion of any redevelopment.

In the event that the redevelopment works do not complete on time and within budget as planned and/or the ESR-LOGOS REIT Manager fails to secure tenants or obtain a favourable rental rate, the financial condition and results of operations of ESR-LOGOS REIT may be adversely affected.

Please also see the risk factors titled *“ESR-LOGOS REIT is exposed to general risks associated with the development and asset enhancement works on the properties owned by it”* and *“Renovation or redevelopment works or physical damage to the properties owned by ESR-LOGOS REIT may disrupt the operations of such properties and the collection of rental income or otherwise have an adverse effect on the financial condition of ESR-LOGOS REIT”*.

**Portions of 2 & 4 Changi Business Park Avenue 1 (ESR BizPark @ Changi) and 750-750E Chai Chee Road (ESR BizPark @ Chai Chee) are within the railway protection and safety zone and certain activities may not be carried out in such zone unless the prior approval of the Land Transport Authority (“LTA”) is obtained**

Certain parts of 2 & 4 Changi Business Park Avenue 1 (ESR BizPark @ Changi) and 750-750E Chai Chee Road (ESR BizPark @ Chai Chee) are within the railway protection zone and railway safety zone such that ESR-LOGOS REIT would be required to obtain the prior approval of the LTA before carrying out restricted activities within the railway protection zone and where applicable, the railway safety zone, and any restricted activity being carried out on the railway protection zone and the railway safety zone shall be subject to the regulations under the Rapid Transit Systems (Railway Protection, Restricted Activities) Regulations 2021. Such restricted activities include the use of any crane, piling equipment, excavator or any other mechanical equipment or vehicle, the storage of materials and the erection of temporary structures such as maintenance towers and hoardings or other similar temporary structures. In addition, ESR-LOGOS REIT will not be allowed to carry out any restricted activity within six metres of the railway and any person contravening such restriction shall be guilty of an offence. In view of the aforesaid restrictions, any future asset enhancement or other redevelopment or rectification works in respect of 2 & 4 Changi Business Park Avenue 1 (ESR BizPark @ Changi) and 750-750E Chai Chee Road (ESR BizPark @ Chai Chee) are required to be carefully planned and carried out under close supervision and diligence to avoid damaging or affecting the mass rapid transit structures and the safety of railway operation.

If ESR-LOGOS REIT intends to carry out any restricted activity within the railway protection zone or, where applicable, the railway safety zone, there is no guarantee that the LTA would grant its permission. The LTA may impose terms and conditions as it thinks fit in granting its permission. This may affect the ability of ESR-LOGOS REIT to carry out asset enhancement or other development or rectification works in respect of 2 & 4 Changi Business Park Avenue 1 (ESR BizPark @ Changi) and 750-750E Chai Chee Road (ESR BizPark @ Chai Chee).

## **RISKS RELATING TO THE INVESTMENT IN REAL ESTATE FUNDS BY ESR-LOGOS REIT**

### **Any failure in the management of the private real estate funds which ESR-LOGOS REIT invests in may adversely affect ESR-LOGOS REIT's business, financial condition, results of operations and prospects**

On 14 May 2021, ESR-LOGOS REIT completed the acquisition of 10.0% of the total issued units in EALP for a purchase consideration of A\$60.5 million. EALP, which comprises 37<sup>4</sup> prime logistics properties all located in Australia, is a private fund managed by ESR AM, an indirect subsidiary of ESR.

Notwithstanding that EALP is managed by an indirect subsidiary of ESR with relevant real estate and fund management expertise, through its investment in such private real estate funds, ESR-LOGOS REIT is exposed directly to the risks of the fund's investments. In addition to the customary risks associated with real estate assets, if the private real estate fund ESR-LOGOS REIT invests in acquires direct or indirect interests in undeveloped land or under-developed real estate which may be non-income producing, it will be subject to the risks normally associated with such assets and development activities, including risks relating to the availability and timely receipt of zoning, environmental and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of such funds, such as weather or labour conditions or shortages of materials) and the availability of favourable terms on both construction and financing arrangements. Further, if economic conditions are unfavourable, the private real estate fund ESR-LOGOS REIT invests in may not perform well and the fund may not be able to raise additional capital. If the private real estate fund that ESR-LOGOS REIT invests in does not perform as expected, the total return that ESR-LOGOS REIT derives from the fund will be adversely affected, since it is or will be tied to the value and performance of the fund. ESR-LOGOS REIT may also lose some or all of its investment in such funds if the investments made by the fund fails or performs poorly.

### **ESR-LOGOS REIT is subject to risks inherent in funds**

Disagreements may occur between ESR-LOGOS REIT and the other fund investors in EALP as the case may be, regarding the business and operations of the fund which may not be resolved amicably. In addition, the other fund investors may have economic or business interests or goals that are not aligned with ESR-LOGOS REIT's. Although private fund agreements generally contain terms that govern the treatment of such disputes and ESR-LOGOS REIT would generally seek to enforce its rights as enumerated within these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the fund, which in turn may materially and adversely affect ESR-LOGOS REIT's business, financial condition, performance and prospects.

### **ESR-LOGOS REIT's private real estate fund invests in relatively high-risk, illiquid assets, and it may fail to realise any profits from these activities for a considerable period of time or lose some or all of the principal amount of ESR-LOGOS REIT's investments in these funds**

ESR-LOGOS REIT's private real estate fund invests in real estate assets that are relatively illiquid. The ability of such funds to dispose of investments is heavily dependent on the market conditions prevailing from time to time. Furthermore, such dispositions typically take time and therefore will be subject to risks of downward movement in market prices during the disposition period. If the fund that ESR-LOGOS REIT invests in is unable to liquidate its assets at the opportune time, ESR-LOGOS REIT may fail to realise any profits for a considerable period of time or lose some or all of the principal amount of its investments, which could in turn adversely affect ESR-LOGOS REIT's business, financial condition, results of operations and prospects.

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4 At the time of acquisition. As at 31 December 2021, EALP owns 36 prime logistics properties in Australia.

## **ESR-LOGOS REIT**

### **(FORMERLY KNOWN AS ESR-REIT AND CAMBRIDGE INDUSTRIAL TRUST)**

*The section headed “ESR-REIT (formerly known as Cambridge Industrial Trust)” of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

#### **1. HISTORY AND BACKGROUND**

ESR-LOGOS REIT is a leading New Economy and future-ready APAC Singapore real estate investment trust (“**S-REIT**”). Listed on the SGX-ST since 25 July 2006, ESR-LOGOS REIT invests in quality income-producing industrial properties in key gateway markets.

ESR-LOGOS REIT was constituted on 31 March 2006 by way of a trust deed (as amended) entered into between the ESR-LOGOS REIT Manager and the ESR-LOGOS REIT Trustee. ESR-LOGOS REIT was officially listed on the Main Board of the SGX-ST on 25 July 2006 and has a market capitalisation of approximately S\$2.7 billion<sup>1</sup> as at 28 April 2022.

On 21 June 2017, the ESR-LOGOS REIT Manager announced that the name of the REIT was changed from “Cambridge Industrial Trust” to “ESR-REIT” with effect from 23 June 2017. On 5 May 2022, the ESR-LOGOS REIT Manager announced that the name of the REIT has been changed from “ESR-REIT” to “ESR-LOGOS REIT” with effect from 5 May 2022.

On 15 October 2018, the ESR-LOGOS REIT Manager announced that the merger of all the issued and paid-up stapled securities (the “**Stapled Securities**”) of VIT held by the stapled securityholders of VIT (the “**Stapled Securityholders**”) and the Units in ESR-REIT held by the Unitholders, has become effective and binding in accordance with its terms (the “**VIT Merger**”). The VIT Merger was effected through the acquisition by ESR-REIT of all the Stapled Securities held by the Stapled Securityholders by way of a trust scheme of arrangement (the “**Scheme**”) in accordance with the Singapore Code on Take-overs and Mergers. Following the completion of the VIT Merger, VIT (comprising VI-REIT and Viva Industrial Business Trust (“**VI-BT**”)) was delisted from the SGX-ST on 22 October 2018. VI-REIT ceased to be an authorised collective investment scheme and became a wholly-owned sub-trust of ESR-REIT and was, on 22 October 2018, renamed as Viva Trust (“**VT**”). VI-BT, which was dormant, has been wound up in December 2018.

This is a landmark transaction that marks the first merger of two (2) S-REITs into an enlarged trust upon completion.

As at 31 March 2022, ESR-LOGOS REIT has a diversified portfolio of 54 properties located across Singapore with a diversified tenant base of over 357 tenants across various business sectors such as Business Park, High-Specs Industrial, Logistics and General Industrial. As at 31 March 2022, the Group has an aggregate property value of approximately S\$3.0 billion<sup>2</sup> and a total GFA of approximately 1.40 million sqm.

As at 31 March 2022, ESR-LOGOS REIT also holds a 10.0% interest in EALP, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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<sup>1</sup> Based on closing price of S\$0.410 as at 28 April 2022.

<sup>2</sup> Based on 80.0% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49.0% of the valuation of 48 Pandan Road in which ESR-LOGOS REIT holds interest in.

On 5 August 2021, the ESR-LOGOS REIT Manager announced that ESR has entered into an acquisition agreement with ARA in relation to a proposed acquisition of the ARA Group. On 20 January 2022, the acquisition of the ARA Group was implemented by a combination of the sale and purchase of the shares of ARA and the merger of ARA with another company to become a wholly-owned subsidiary of ESR. Following the acquisition of the ARA Group, ARA became a wholly-owned subsidiary of ESR and ESR indirectly owns 86.4% the ALOG Manager.

On 15 October 2021, ESR-REIT announced the acquisition of ALOG which will be effected by way of a trust scheme of arrangement in accordance with the Singapore Code on Take-overs and Mergers. The ALOG Merger was approved on 21 March 2022 by the unitholders of ESR-REIT and ALOG. ALOG is a REIT that is listed on the SGX-ST, which invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets in APAC.

The merger has been effected through the acquisition by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) of all the issued and paid-up units in ALOG held by the unitholders of ALOG in exchange for a combination of cash and units in ESR-LOGOS REIT. On 22 April 2022, the merger between ESR-REIT and ALOG has become effective and binding in accordance with its terms. Following the completion of the merger on 28 April 2022, ALOG has become a wholly-owned sub-trust of ESR-LOGOS REIT and ALOG was delisted from the SGX-ST on 5 May 2022 and renamed as “ALOG Trust”.

Given that the ALOG Merger was completed on 28 April 2022, ESR-LOGOS REIT has only just commenced the process of integrating the operations of ALOG into the enlarged ESR-LOGOS REIT. As such, unless otherwise indicated, the information below relates to ESR-LOGOS REIT as at 31 March 2022 and reflects ESR-LOGOS REIT’s operations on a pre-ALOG Merger basis. For further information pertaining to the Enlarged Trust, please see Appendix IV on the Unaudited Pro Forma Financial Information of the Enlarged Trust, Appendix V for further information on the Enlarged Trust, including the key benefits of the ALOG Merger, as well as a summary of the property statistics of ALOG as at 31 December 2021 and Appendix VI for the presentation slides announced by the ESR-LOGOS REIT Manager which contain the Pro Forma Operational Information of the Enlarged Trust. Investors should note that this Supplemental Information Memorandum should be read in conjunction with the Appendices, in particular Appendices IV to VI, for full information on the Enlarged Trust.

As at 28 April 2022, ESR, Shanghai Summit Pte. Ltd. and Mitsui & Co., Ltd own 67.3%, 25.0%, and 7.7% in the ESR-LOGOS REIT Manager, respectively. As at 28 April 2022, ESR also owns a 100% stake in the Property Manager and is ESR-LOGOS REIT’s largest Unitholder with a 11.03% stake.

ESR-LOGOS REIT will benefit from being well-supported by ESR, APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally<sup>3</sup>. With US\$140.2 billion in total AUM as at 31 December 2021, its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by the Group and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion as at 31 December 2021. ESR’s purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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3 Information obtained from the ESR Cayman Limited website.

With ESR Group as the majority shareholder of the ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Manager believes that they will be able to assist ESR-LOGOS REIT to grow into a leading New Economy and future-ready APAC S-REIT. The ESR-LOGOS REIT Manager is committed to optimising returns to Unitholders through the delivery of stable and secure returns and the creation of long-term capital growth. To achieve this objective, the ESR-LOGOS REIT Manager has adopted a three-pronged strategy: (i) proactive portfolio and asset management to achieve organic growth; (ii) disciplined investment approach comprising development and value-enhancing income producing properties; and (iii) exercising prudent capital management. Please refer to the section titled “ESR-LOGOS REIT Manager’s Strategies” for more information.

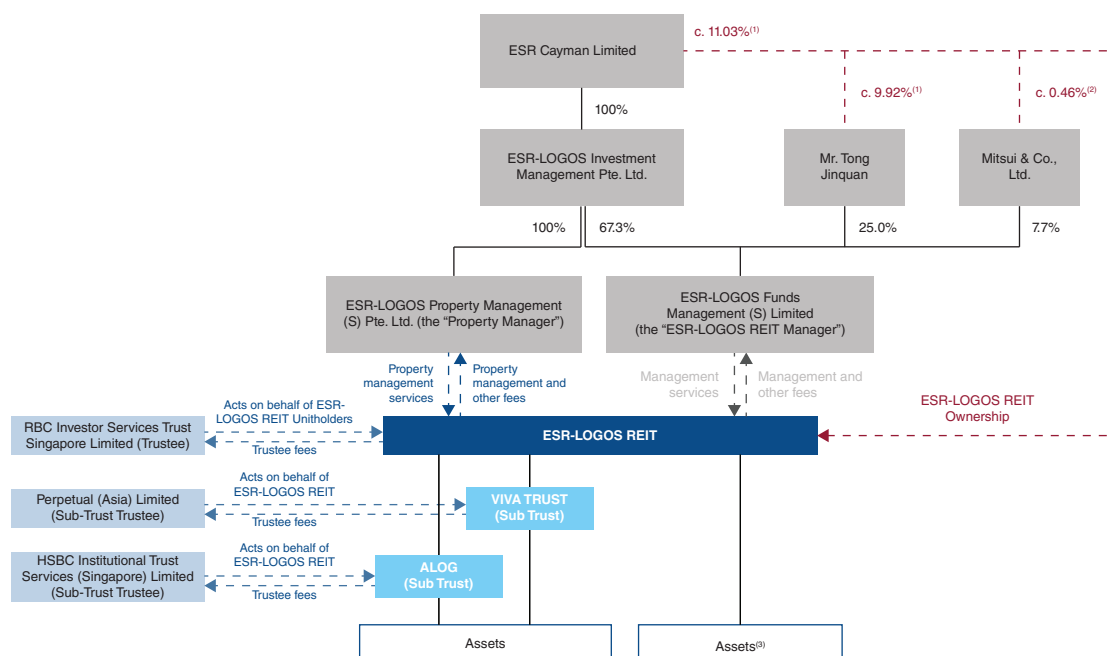
## 2. STRUCTURE OF ESR-LOGOS REIT

The ESR-LOGOS REIT Manager has general powers of management over the real estate and real estate related assets of ESR-LOGOS REIT. The ESR-LOGOS REIT Manager’s main responsibility is to manage ESR-LOGOS REIT’s assets and liabilities for the benefit of the Unitholders. The ESR-LOGOS REIT Manager sets the strategic direction of ESR-LOGOS REIT and gives recommendations to the ESR-LOGOS REIT Trustee, the ALOG Trustee and the VT Trustee on the acquisition, property development, divestment and/or enhancement of assets of ESR-LOGOS REIT in accordance with its stated investment strategy.

The Property Manager is responsible for providing property management, lease management, project management, marketing and lease management including administration of property tax services for the properties held by ESR-LOGOS REIT.

The following diagram illustrates the relationships between ESR-LOGOS REIT, the ESR-LOGOS REIT Manager, the Property Manager, the ESR-LOGOS REIT Trustee, the VT Trustee, the ALOG Trustee and the Unitholders as at 28 April 2022:

### ESR-LOGOS REIT Structure



**Notes:**

- (1) Includes direct interests and/or deemed interests through holding entities in ESR-LOGOS REIT. Figures as at 28 April 2022
- (2) As at 28 April 2022.
- (3) Includes:
  - (a) 80.0% ownership of 7000 AMK LLP. Ho Lee Properties Pte Ltd owns the remaining 20.0%.
  - (b) 49.0% ownership of PTC Logistics Hub LLP. Poh Tiong Choon Logistics Limited owns the remaining 51.0%.

**Management of the ESR-LOGOS REIT Manager**

The key management of the ESR-LOGOS REIT Manager as at the date of this Supplemental Information Memorandum comprises the following:

<b>Name</b>	<b>Designation</b>
Mr Adrian Chui Wai Yin	Chief Executive Officer and Executive Director
Ms Karen Lee Kiah Ling	Deputy Chief Executive Officer
Mr Lawrence Chan Wee Kiat	Chief Financial Officer
Ms Nancy Tan	Head of Investments
Ms Charlene-Jayne Chang Wei-Ying	Head of Capital Markets and Investor Relations
Mr Leong Sai Keong	Co-Head of Asset Management
Mr Carlvin Chia Djing Tsai	Co-Head of Asset Management
Ms Loy York Ying	Head of Compliance and Risk Management
Ms Irene Phua Li Hoon	Head of Human Resources and Corporate Services

**Experience and Expertise of the ESR-LOGOS REIT Manager's Management**

The ESR-LOGOS REIT Manager's management team has extensive experience and a proven track record in fund management, compliance, as well as investment, asset and property management in Singapore and the region. A number of the management members are real estate specialists and industry professionals with strong credentials and investment experience. Information on the working experience of the key management team as at the date of this Supplemental Information Memorandum is set out below:

**Mr Adrian Chui Wai Yin**

*CEO and Executive Director*

Please see section titled "The ESR-LOGOS REIT Manager – Experience and Expertise of the Board of Directors" for details.

**Ms Karen Lee Kiah Ling**

*Deputy CEO*

Ms Karen Lee joined the ESR-LOGOS REIT Manager in May 2022 as Deputy CEO, following the completion of the merger between ESR-REIT and ALOG. She reports to the CEO and is responsible for executing ESR-LOGOS REIT's growth strategy which entails ESR-LOGOS REIT's investment, asset and property management functions.

Prior to joining the ESR-LOGOS REIT Manager, Ms. Lee was CEO of the ALOG Manager since August 2020. Before her CEO appointment, she was the Head of Asset and Investment Management for LOGOS SE Asia Pte Ltd where she was instrumental in the investment and asset management strategic planning for LOGOS' Southeast Asia business and growing the Singapore portfolio.

Ms Lee has more than 20 years of experience in the real estate industry covering industrial real estate development, asset and investment management, business development, leasing, marketing and property management. Prior to joining LOGOS, Ms Lee was Head of Singapore Portfolio and Asset Management of Ascendas Funds Management (S) Limited, the manager of Ascendas REIT ("**A-REIT**"). During her stint with Ascendas Funds Management (S) Limited, Ms Lee was responsible for formulating and executing strategic asset management strategies as well as overseeing the performance of A-REIT's S\$9 billion AUM Singapore portfolio.

Ms. Lee holds a Bachelor of Science (Economics) (Hons) degree and a Master of Science (Real Estate) from the National University of Singapore.

**Mr Lawrence Chan Wee Kiat**

*Chief Financial Officer*

Mr Chan joined the ESR-LOGOS REIT Manager in November 2018 as CFO. He reports to the CEO and oversees all finance functions of ESR-LOGOS REIT and the ESR-LOGOS REIT Manager.

Mr Chan has more than 20 years of experience in audit, accounting and finance-related work. Prior to joining the ESR-LOGOS REIT Manager, Mr Chan was the CFO of Viva Industrial Trust Management Pte. Ltd. ("**VITM**") and was also a director of Viva Real Estate Asset Management Pte. Ltd. and Viva iTrust MTN Pte. Ltd. In his role, he was responsible for the corporate finance, treasury, financial reporting, forecast and budgeting, tax, internal control, financial risk management, corporate governance and compliance functions.

Prior to joining VITM, Mr Chan was the Financial Controller of Hoe Leong Corporation Ltd and was an Associate Director with Genesis Capital, an independent corporate finance advisory firm licensed by the Monetary Authority of Singapore. Before joining Genesis Capital, Mr Chan was an Audit Manager with KPMG, where he was responsible for auditing Singapore and Chinese companies across various industries.

Mr Chan is a Chartered Accountant of Singapore and non-practicing member of the Institute of Singapore Chartered Accountants. He graduated from Nanyang Technological University with a Bachelor of Accountancy in 1999.

**Ms Nancy Tan**

*Head of Investments*

Ms Tan joined the ESR-LOGOS REIT Manager in February 2009 as Asset Manager and was appointed as the Head of Real Estate in February 2011 and is currently Head of Investments. She reports to the Deputy CEO and is responsible for developing and executing ESR-LOGOS REIT's investment strategy in Singapore and overseas as well as the sourcing and execution of new investment opportunities with a view to enhancing ESR-LOGOS REIT's portfolio returns. She has over 23 years of experience in the real estate and asset management industry in Singapore.

Prior to joining the ESR-LOGOS REIT Manager, Ms Tan was the Fund Manager of MacarthurCook Industrial REIT. She also held management positions in a number of established real estate firms, including Far East Organisation and City Developments Limited.

Ms Tan holds a Bachelor of Science (Estate Management) from the National University of Singapore and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

**Ms Charlene-Jayne Chang Wei-Ying**

*Head of Capital Markets and Investor Relations*

Ms Chang joined the ESR-LOGOS REIT Manager in April 2017 as Head of Capital Markets and Investor Relations. She reports to the CEO and manages the capital markets/fundraising, treasury and investor relations/corporate communications functions of the ESR-LOGOS REIT Manager, including the provision of insights on originating and executing strategic initiatives, mergers and acquisitions and capital markets/fundraising and treasury strategies.

Prior to joining the ESR-LOGOS REIT Manager, Ms Chang was a Director of the Commercial Real Estate division at Standard Chartered Bank and has originated and executed major transactions across Singapore and Southeast Asia for real estate companies, REITs and Business Trusts. In her role, she was responsible for the structuring, valuation, fundamental analysis, financing and execution advice for mergers and acquisitions, initial public offerings, and follow-on offerings of equity, equity-linked and debt securities.

Before joining Standard Chartered Bank, Ms Chang was based in the Hong Kong and Singapore Corporate Finance offices of the Royal Bank of Scotland, providing corporate finance advisory and executing cross-border transactions across Hong Kong, China and Southeast Asia.

Ms Chang holds a Bachelor of Business Administration with double majors in Finance and Management from the National University of Singapore.

**Mr. Leong Sai Keong**

*Co-Head of Asset Management*

Mr. Leong is the Co-Head of Asset Management with the ESR-LOGOS REIT Manager and reports to the Deputy CEO. Mr Leong, together with Mr. Chia, is responsible for developing and executing asset management strategies to drive income performance and returns of ESR-LOGOS REIT's portfolio including asset enhancement initiatives and redevelopment strategies. He has over 30 years of experience in the real estate industry, including portfolio and asset management, development, marketing, leasing, and property management.

Prior to joining the ESR-LOGOS REIT Manager, Mr Leong was previously with Ascendas Funds Management (S) Limited, the manager of A-REIT for over ten years where he was responsible for the asset management, leasing and tenancy management and project management as the Head of Light and High-Specs Properties Portfolio as well as the Deputy Head for Singapore Revenue Management. Prior to this, Mr Leong was also with NTUC Healthcare Co-Operative Ltd, Wearnes Development Pte Ltd and Jones Lang Wootton Property Consultants Pte Ltd (currently known as Jones Lang LaSalle Property Consultants Pte Ltd) in the areas of marketing, development and asset management of residential, commercial and industrial facilities in Singapore.

Mr Leong holds a Bachelor of Science (Economics) in Management Studies from the University of London.

**Mr. Carlvin Chia Djing Tsai**  
*Co-Head of Asset Management*

Mr Chia joined the ESR-LOGOS REIT Manager in May 2022 and reports to the Deputy CEO. Together with Mr Leong, Mr Chia is responsible for developing and executing asset management strategies to drive income performance and returns of ESR-LOGOS REIT's portfolio including asset enhancement initiatives and redevelopment strategies. He has over 19 years of experience in the real estate industry, including portfolio and asset management, development, marketing, leasing, and property management.

Prior to joining the ESR-LOGOS REIT Manager, Mr Chia was Head of Asset Management for ALOG since May 2021. Before joining ALOG, Mr Chia was the Vice President, Portfolio Management at Ascendas Funds Management (S) Limited, the manager of A-REIT where he was responsible for driving portfolio strategies and performance of A-REIT's Business & Science Park portfolio of 27 business park assets in Singapore. Prior to this, he was Co-Head of A-REIT's Logistics portfolio in Singapore, overseeing the performance of 21 logistics assets. He also held asset management, development, marketing and leasing roles at Mapletree and JTC Corporation.

Mr Chia graduated on the Dean's Merit List with a Bachelor of Business (Property) degree from the University of South Australia

**Ms Loy York Ying**  
*Head of Compliance and Risk Management*

Ms Loy joined the ESR-LOGOS REIT Manager in June 2014 as Head of Compliance. She reports to the CEO and is responsible for all internal and external compliance requirements for the ESR-LOGOS REIT, the ESR-LOGOS REIT Manager and all other related companies of the ESR-LOGOS REIT Manager. She has over 17 years of experience in regulatory and compliance requirements in the financial services industry.

Prior to joining the ESR-LOGOS REIT Manager, Ms Loy was the Head of Regulatory Advisory and Policy, Compliance at Maybank Singapore and was responsible for the oversight and management of all compliance-related requirements of the Singapore branch. Prior to that, she also managed the portfolio of and provided financial advisory services to high net-worth individuals with DBS Bank Ltd. and United Overseas Bank Limited.

Ms Loy holds a Bachelor of Business (Banking) from Nanyang Technological University. She also holds the Institute of Banking and Finance Advanced, Compliance (Banking) Certification.

**Ms Irene Phua Li Hoon**  
*Head of Human Resources and Corporate Services*

Ms Phua joined the ESR-LOGOS REIT Manager in July 2017 as Head of Human Resources and Corporate Services. She reports to the CEO and oversees the human resources and office administration functions of ESR-LOGOS REIT and the ESR-LOGOS REIT Manager.

Ms Phua has more than 21 years of experience providing human capital insight to management, developing talent to enhance skills and productivity as well as cultivating leaders for business continuity. Prior to joining the ESR-LOGOS REIT Manager, Ms Phua was the Associate Director of a real estate consultancy firm and was responsible for formulating human resource strategies for the company.

Ms Phua graduated from University of Bradford with a Bachelor of Science (Honours) in Business and Management Studies.

## Roles and Responsibilities of the ESR-LOGOS REIT Manager

The ESR-LOGOS REIT Manager has general powers of management over the real estate and real estate related assets of ESR-LOGOS REIT. The ESR-LOGOS REIT Manager's main responsibility is to manage ESR-LOGOS REIT's assets and liabilities for the benefit of Unitholders.

The main functions and responsibilities of the ESR-LOGOS REIT Manager are as follows:

- **Principal investment strategy:** Formulate and execute ESR-LOGOS REIT's principal investment strategy, including determining the location, sub-sector type and other characteristics of ESR-LOGOS REIT's property portfolio, and setting the strategic direction of ESR-LOGOS REIT;
- **Investment and asset management:** Make recommendations to the ESR-LOGOS REIT Trustee, the ALOG Trustee and the VT Trustee on the acquisition, development, divestment or asset enhancement of the assets of ESR-LOGOS REIT in accordance with its stated investment strategy;
- **Planning and reporting:** Make periodic property business plans, including budgets, forecasts and reports, relating to the performance of ESR-LOGOS REIT's properties;
- **Financing:** Provide advisory services and raise funds for ESR-LOGOS REIT's property acquisitions, distribution payments, expense payments, capital expenditure payments and property maintenance payments, and ensure effective capital management to ensure continuous liquidity and financial flexibility for operations;
- **Administrative and advisory services:** Perform day-to-day administrative services as ESR-LOGOS REIT's representative, including providing administrative services relating to meetings of Unitholders when such meetings are convened;
- **Investor relations:** Communicate and liaise with Unitholders and potential investors;
- **Compliance management:** Make requisite regulatory filings on behalf of ESR-LOGOS REIT and ensure that ESR-LOGOS REIT is in compliance with the applicable provisions of the SFA and all other relevant legislation, including the Listing Manual, the CIS Code (including the Property Funds Appendix), the ESR-LOGOS REIT Trust Deed and the Capital Markets Services Licence, and ensure adequate and effective risk management, internal controls and compliance with the applicable laws and regulations, including the SFA and all other relevant legislations, the Listing Manual, the CIS Code (including the Property Funds Appendix), the ESR-LOGOS REIT Trust Deed, written directions, notices and other guidelines that MAS may issue from time to time;
- **Accounting:** Maintain financial records and prepare or cause to be prepared financial accounts and annual reports; and
- **Lease and property management supervision:** Supervise the execution of works by the Property Manager, which performs the day-to-day lease and property management functions for ESR-LOGOS REIT's properties, to ensure that it meets its objectives pursuant to the Property Management Agreement.

The ESR-LOGOS REIT Manager has covenanted in the ESR-LOGOS REIT Trust Deed to use its best endeavours to carry on and conduct its own business and the business of ESR-LOGOS REIT in a proper and efficient manner and to conduct all transactions with or for ESR-LOGOS REIT on an arm's length basis and on normal commercial terms.

The ESR-LOGOS REIT Manager may require the ESR-LOGOS REIT Trustee to borrow on behalf of ESR-LOGOS REIT (upon such terms and conditions as the ESR-LOGOS REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Properties) whenever the ESR-LOGOS REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable ESR-LOGOS REIT to meet any liabilities or to finance the acquisition of any property. However, the ESR-LOGOS REIT Manager must not direct the ESR-LOGOS REIT Trustee to incur a borrowing if to do so would cause ESR-LOGOS REIT's total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) to exceed any limit prescribed by the Property Funds Appendix or any other limit as may be specifically permitted by MAS.

In the absence of fraud, gross negligence, wilful default or breach of the ESR-LOGOS REIT Trust Deed by the ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the ESR-LOGOS REIT Trust Deed. In addition, the ESR-LOGOS REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the ESR-LOGOS REIT Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the ESR-LOGOS REIT Trust Deed by the ESR-LOGOS REIT Manager.

The ESR-LOGOS REIT Manager manages ESR-LOGOS REIT and performs its duties and obligations under the ESR-LOGOS REIT Trust Deed.

#### Retirement and Removal of the ESR-LOGOS REIT Manager

The ESR-LOGOS REIT Manager shall have the power to retire in favour of a corporation approved by the ESR-LOGOS REIT Trustee to act as the manager of ESR-LOGOS REIT.

The ESR-LOGOS REIT Manager may also be removed by notice given in writing by the ESR-LOGOS REIT Trustee if:

- the ESR-LOGOS REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the ESR-LOGOS REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the ESR-LOGOS REIT Manager;
- the ESR-LOGOS REIT Manager ceases to carry on business;
- the ESR-LOGOS REIT Manager fails or neglects after reasonable notice from the ESR-LOGOS REIT Trustee to carry out or satisfy any material obligation imposed on the ESR-LOGOS REIT Manager by the ESR-LOGOS REIT Trust Deed;
- the Unitholders, by a resolution duly passed by 50.0% or more of the total number of votes represented by all the Units in issue entitled to vote on the matter at a Unitholders' meeting duly convened and held in accordance with the provisions of the ESR-LOGOS REIT Trust Deed, shall so decide;
- for good and sufficient reason, the ESR-LOGOS REIT Trustee is of the opinion, and states so in writing, that a change of the ESR-LOGOS REIT Manager is desirable in the interests of the Unitholders;
- MAS directs the ESR-LOGOS REIT Trustee to remove the ESR-LOGOS REIT Manager; or
- MAS revokes its authorisation of ESR-LOGOS REIT as an authorised scheme under Section 286 of the SFA or revokes its authorisation of the ESR-LOGOS REIT Manager under the Property Funds Appendix.

Where the ESR-LOGOS REIT Manager is removed on the basis that a change of the ESR-LOGOS REIT Manager is desirable in the interests of the Unitholders, the ESR-LOGOS REIT Manager has a right under the ESR-LOGOS REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Trustee and all Unitholders.

### **Management of the Property Manager**

The key management of the Property Manager as at the date of this Supplemental Information Memorandum comprises the following:

<b>Name</b>	<b>Designation</b>
Mr Chan Wei Chie	General Manager and Head of Property Management
Ms Koh Ming Hong	Head of Leasing and Lease Management

#### Experience and Expertise of the Property Manager's Management

Information on the working experience of the key management team as at the date of this Supplemental Information Memorandum is set out below:

#### **Mr Chan Wei Chie**

*General Manager and Head of Property Management*

Mr Chan joined the Property Manager in May 2022 as General Manager following the completion of the merger between ESR-REIT and ALOG. He reports to the Deputy CEO and oversees the lease and property management functions where he is responsible for optimising the performance of the ESR-LOGOS REIT's properties under his charge. Mr Chan has more than 18 years of experience in delivering property management services to various diverse institutional, commercial, healthcare, and industrial buildings.

Prior to joining the Property Manager, Mr Chan was the Head of Property Management with ARA LOGOS Property Management Pte. Ltd., the property manager of ALOG and was responsible for procurement, property and project management functions relating to ALOG's property portfolio. He had also assumed the role of Senior Manager with Ascendas Services Pte Ltd, the property manager of A-REIT and was also previously Deputy General Manager with CPG FM Pte Ltd.

Mr Chan holds a Bachelor of Applied Science (Construction Management) (Hons) degree from RMIT University and a Master of Science (Real Estate) from the National University of Singapore.

#### **Ms Koh Ming Hong**

*Head of Leasing and Lease Management*

Ms Koh joined the Property Manager in May 2022 as Head of Leasing and Lease Management and is responsible for the various functions of marketing, leasing, lease operations and management within the Property Manager.

Prior to joining the Property Manager, Ms Koh was the Head of Marketing and Lease Operations with ARA LOGOS Property Management Pte. Ltd., the property manager of ALOG and was responsible for leasing and lease management relating to the ALOG portfolio. Prior to that, she was the Portfolio Manager at Ascendas Funds Management heading the Hi-Specs and Integrated Development, Amenities & Retail (IDAR) portfolio and was also with

the Robinsons Group involving in retail leasing for Singapore and Malaysia. She started her retail leasing career with Toshin Development in tenant management and planning roles and has more than 20 years of experience in real estate, working in Leasing, Asset and Portfolio Management.

Ms Koh holds a Bachelor of Arts and Social Sciences degree from the National University of Singapore.

#### Services provided by the Property Manager

The ESR-LOGOS REIT Manager, the ESR-LOGOS REIT Trustee and the Property Manager, as well as the VT Manager, the VT Trustee and the Property Manager, have entered into two separate Property Management Agreements, respectively, under which the Property Manager will provide the following services for the properties of ESR-LOGOS REIT, subject to the overall management and supervision of the ESR-LOGOS REIT Manager and the VT Manager:

The Property Manager is committed to providing optimal solutions and services to meet the needs of ESR-LOGOS REIT's customers as well as enhancement the property value of ESR-LOGOS REIT's portfolio.

- Property management services. Together with ESR-LOGOS REIT's asset management team, the Property Manager ensures that the property specifications and service levels commensurate with the intended market positioning of each property. These include recommending third party contracts for provision of property maintenance services, recommending third party contracts for the provision of property management services (including parking facilities management), maintenance services, supervising the performance of service providers and contractors and ensuring compliance with building and safety regulations;
- Leasing and lease management services. The Property Manager is responsible for proactively marketing and leasing out of vacant space, initiating lease renewals and negotiating of terms of lease to enhance portfolio occupancy and revenue. In addition, the Property Manager is also responsible for coordinating tenants' fitting-out requirements, administrating rental collection, managing rental arrears, administrating all property tax matters, and achieving its desired level of customer service;
- Expense management. The Property Manager adopts a prudent operational strategy in line with ESR-LOGOS REIT Manager's objective of maximizing returns without compromising its desired level of service. These include continuous improvement of operating processes to improve productivity and enhance operational effectiveness so as to manage operational costs effectively. The Property Manager also conducts bulk procurement so as to enjoy economies of scale to optimize value and manage costs effectively; and
- Project management services. These relate to development or redevelopment (unless otherwise prohibited by the Property Funds Appendix or any other laws or regulations), the refurbishment, retrofitting and renovation of the properties of ESR-LOGOS REIT, including the recommendation of project budget and project consultants, and the supervision and implementation of the project to ensure each project is carried out in a timely and efficient manner.

### Removal of the Property Manager

The ESR-LOGOS REIT Trustee or the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Trustee or the VT Manager) may terminate the appointment of the Property Manager in relation to all the properties of ESR-LOGOS REIT under the management of the Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

The ESR-LOGOS REIT Trustee or the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Trustee or the VT Manager) may also terminate the appointment of the Property Manager specifically in relation to a property under its management in the event of the sale of such property, but the relevant Property Management Agreements will continue to apply with respect to the remaining properties managed by the Property Manager under the terms of the relevant Property Management Agreements.

In addition, if the Property Manager, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the ESR-LOGOS REIT Trustee or the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Trustee or the VT Manager) may terminate the appointment of the Property Manager in relation only to such property in respect of which the breach relates, upon giving 30 days' written notice to the Property Manager.

If the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Manager) is of the view that the Property Manager has not been achieving certain key performance indicators set out in the relevant Property Management Agreements despite receiving notices in writing from the ESR-LOGOS REIT Manager (or as the case may be in respect of properties under VT only, the VT Manager) specifying the key performance indicators which the Property Manager has failed to achieve, then the ESR-LOGOS REIT Trustee or the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Trustee or the VT Manager) shall have the right to terminate the relevant Property Management Agreements in relation only to the property in respect of which the Property Manager's failure to achieve the key performance indicator relates, subject to and in accordance with the relevant Property Management Agreements.

On the termination of the appointment of the Property Manager, the ESR-LOGOS REIT Manager (or, as the case may be in respect of properties under VT only, the VT Manager) shall, as soon as practicable, procure the appointment of a replacement property manager for the affected property.

### **3. ESR-LOGOS REIT MANAGER'S STRATEGIES**

The principal investment strategy of the ESR-LOGOS REIT Manager is to invest, directly or indirectly, in income-producing real estate and real estate-related assets which are used mainly for industrial purposes. The ESR-LOGOS REIT Manager's key objectives are to optimize total returns through the delivery of stable returns to Unitholders and the creation of long-term capital growth.

The ESR-LOGOS REIT Manager's three-pronged approach that leverages on its expertise and on synergies with ESR-LOGOS REIT's strong sponsor, ESR, to achieve the objectives below:

- proactive portfolio and asset management to achieve organic growth;
- disciplined investment approach comprising development and value-enhancing income producing properties; and
- exercising prudent capital and risk management.

The ESR-LOGOS REIT Manager is committed to implement disciplined investment strategy of ESR-LOGOS REIT in accordance with the following guidelines:

- Undertake AEI, developments and portfolio rejuvenation while balancing portfolio risk and returns;
- Investment portfolio will primarily comprise real estate used mainly for industrial purposes (including investments in real estate related assets and/or other related value enhancing assets or instruments); and
- Sourcing of investment opportunities beyond Singapore for the long-term, with the current focus on the countries where ESR Group has an established footprint, depending on investment opportunities and market conditions.

**(i) Proactive Portfolio And Asset Management To Achieve Organic Growth**

The ESR-LOGOS REIT Manager, together with the Property Manager, actively manages ESR-LOGOS REIT's properties to maximise returns through prudent control of property outgoings, and asset enhancement projects to maintain competitive positioning of the assets.

In addition, the ESR-LOGOS REIT Manager, together with the Property Manager, works closely with the tenants of ESR-LOGOS REIT's properties to establish strong relationships necessary for maintaining high tenant retention levels and optimizing vacancy levels. The ESR-LOGOS REIT Manager, together with the Property Manager, proactively seeks to maximise returns on ESR-LOGOS REIT's properties through the following strategies:

Leverage Real Estate Supply and Demand Trends

COVID-19 has hastened the adoption of new technologies across a range of industry sectors and disciplines where advances in manufacturing would translate to a stronger demand for new economy space. Similarly, the pandemic has brought forth a paradigm shift in the way goods are produced, delivered and consumed with global corporations adopting and replacing "Just-in-Time" manufacturing with "Just-in-Case" manufacturing. The ongoing US-China trade tensions, exacerbated by uncoordinated and differentiated COVID-19 lock down measures have severely disrupted global supply chains, resulting in industries re-calibrating their global manufacturing locations and supply chains in order to increase their supply chain agility. In addition, e-commerce continues to grow strongly with growing demand from last mile, cold chain, logistics and parcel delivery. ESR-LOGOS REIT is well-positioned to capture the growing demand in Business Parks, High-Specs Industrial and Logistics/Warehouse asset classes given such secular trends. As at 31 March 2022, the Business Parks, High-Specs Industrial and Logistics/Warehouse asset classes comprise approximately 70.4% by rental income of ESR-LOGOS REIT's portfolio. This positions ESR-LOGOS REIT to ride on the potential demand and rental upside and at the same time, providing additional flexibility for AEI to be conducted on ESR-LOGOS REIT's existing assets identified so as to rejuvenate its portfolio to be future-ready. Having a combination of multi-tenanted assets and single-tenanted assets within the portfolio also provides additional flexibility for ESR-LOGOS REIT to capture rental upside during a rising market.

## Operational Synergies and Economies of Scale

The ESR-LOGOS REIT Manager has clustered assets by region for more efficient on-site management to provide faster response time and higher service quality to tenants. To manage cost control, the ESR-LOGOS REIT Manager has pivoted towards the direct self-management model, whereby third-party integrated facility management contracts at selected properties will not be renewed and will be managed internally. ESR-LOGOS REIT's sizeable portfolio enjoys economies of scale and stronger bargaining power with service providers, and thus leading to more efficient operational and maintenance costs.

## Rejuvenating Portfolio to be Future-Ready

To ensure that the properties owned by ESR-LOGOS REIT remain relevant and contemporary to existing and potential tenants and to enable ESR-LOGOS REIT to optimise its occupancy and rental rates, the ESR-LOGOS REIT Manager adopts a proactive asset management strategy where it actively evaluates the properties that ESR-LOGOS REIT owns, together with the Property Manager. For example, AEI works were carried out at 19 Tai Seng Avenue, which were completed in October 2021. Further, a new multi-tenanted standalone high-specs building suitable for advanced manufacturing, info-comm and data centre tenants is currently being developed at 7000 Ang Mo Kio Avenue 5. 16 Tai Seng Street is also planned for an AEI to include an additional floor to increase its GFA by approximately 29,000 sq ft or 13.8% and completion is targeted for 1Q2024. In addition, on 12 April 2022, ESR-LOGOS REIT announced the undertaking of a BTS redevelopment at 21B Senoko Loop for NTS Components Singapore Pte Ltd. Subject to compliance with prevailing planning and other relevant regulations, this allows ESR-LOGOS REIT to unlock value from the plot ratio within the portfolio and undertake rejuvenation of its assets, which includes the upgrading and improvement of building specifications, change of building use to align with current market trends and the redevelopment and amalgamation of adjacent sites to enjoy economies of scale, thus enhancing rental yield and capital value. With these initiatives, ESR-LOGOS REIT remains well-poised to leverage the Government's Industry 4.0 initiatives<sup>4</sup>.

The quality of the portfolio is further enhanced with the divestment of non-core assets that have reached their optimal stage with limited asset enhancement or redevelopment potential. For example, on 30 November 2021, ESR-LOGOS REIT divested 3C Toh Guan Road East and 11 Serangoon North Avenue 5 for a sale consideration of S\$53.0 million. Net proceeds from the divestments will be deployed to repay outstanding borrowings and/or fund upcoming asset enhancements, potential acquisitions, unit buy-backs and general working capital requirements.

On 14 January 2022, ESR-LOGOS REIT divested 28 Senoko Drive for a sale consideration of S\$12.0 million (excluding divestment costs and applicable goods and services tax). Net proceeds from the divestment will be used to repay outstanding borrowings and/or fund upcoming asset enhancements, potential acquisitions, unit buy-backs and general working capital requirements.

On 14 March 2022, ESR-LOGOS REIT divested 45 Changi South Avenue 2 for a sale consideration of S\$11.1 million (excluding divestment costs and applicable goods and services tax). Sale proceeds are expected to be used to pare down outstanding debt, finance upcoming asset enhancements and/or fund general working capital requirements.

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<sup>4</sup> A new trend of automation and data exchange in manufacturing technologies which sees end-users embracing technologies such as big data and data analytics, augmented reality and additive manufacturing.

On 25 May 2022, ESR-LOGOS REIT announced that Berkeley Trust (an indirect wholly-owned entity of ESR-LOGOS REIT) has entered into an agreement to divest 3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia for a sale consideration of S\$53.4 million (A\$55.0 million) (excluding divestment costs and applicable goods and services tax). The net proceeds from the divestment will be deployed to repay outstanding borrowings, finance upcoming asset enhancements and/or fund general working capital requirements.

Post the completion of the merger between ESR-REIT and ALOG, the ESR-LOGOS REIT Manager intends to relook at the enlarged ESR-LOGOS REIT portfolio to identify assets suitable for AEI and/or redevelopments. Simultaneously, non-core assets will be divested, with the proceeds re-invested into new opportunities.

#### Supported by ESR Group

ESR-LOGOS REIT remains well-supported by, and can benefit from, ESR Group's operating platform, footprint, pipeline and network to create a leading New Economy and future-ready APAC REIT. Since its entry as the sponsor of ESR-LOGOS REIT in 2017, ESR Group has transformed ESR-LOGOS REIT into a large developer backed S-REIT, doubling ESR-LOGOS REIT's portfolio GFA, and rejuvenating the portfolio to be focused on the higher value add and "New Economy" segments of the industrial value chain, including High-Specs and Logistics assets. As the sponsor, ESR Group has provided strong capital support and financial commitment to ESR-LOGOS REIT via backstop in preferential offerings; the acquisition of VITM to facilitate the merger of ESR-REIT with VIT; and the acquisition of the ARA Group which resulted in ESR owning 86.4% of the ALOG Manager to facilitate the merger of ESR-REIT and ALOG. ESR-LOGOS REIT also has access to approximately US\$59.0 billion of ESR's portfolio of New Economy assets in an increasingly scarce environment for quality logistics assets.

#### Leverage Existing Relationship with Tenants

The ESR-LOGOS REIT Manager continues to leverage existing relationships with tenants to manage lease renewals and create partnership prospects for asset acquisitions and leasing opportunities as these tenants expand in Singapore and in the APAC region. Regular feedback is also obtained from tenants to foster close landlord-tenant relationships.

#### Employ Proactive Leasing and Marketing Initiatives

The ESR-LOGOS REIT Manager aims to maintain a high occupancy rate by actively working with the Property Manager in pursuing new leads and managing lease renewals at least six months in advance of lease renewals through proactive negotiations with tenants or pursuing new leasing opportunities to attract value-added tenants well in advance of the expiry of their respective leases and sub-leases. Proactive lease management has ensured that ESR-LOGOS REIT's portfolio occupancy levels have been consistently above industrial average, at 91.5%<sup>5</sup> as at 31 March 2022. The ESR-LOGOS REIT Manager's leasing and sub-leasing strategy will target new and existing anchor tenants, sub-tenants and licensees that can enhance the quality of the tenant base and overall yield of the properties held by ESR-LOGOS REIT.

#### Improve Operational Efficiency to Reduce Operating Cost

The ESR-LOGOS REIT Manager will seek to control expenses at each of ESR-LOGOS REIT's properties without compromising the service quality to tenants. The ESR-LOGOS REIT Manager intends to leverage the size of the ESR-LOGOS REIT's portfolio of properties to achieve economies of scale and cost savings in providing services to tenants.

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<sup>5</sup> Excludes properties in the pipeline for divestment and redevelopment.

**(ii) Disciplined Investment Approach Comprising Development And Value-Enhancing Income Producing Properties**

Within the limits of the Property Funds Appendix, the ESR-LOGOS REIT Manager will look to acquire assets with a total returns approach that are yield-accretive and value-enhancing with scalable long-term DPU and/or NAV growth prospects. ESR-LOGOS REIT seek to create value for Unitholders via potential local and overseas acquisitions through sizeable single asset and/or portfolio acquisitions to drive portfolio total returns. This includes investments in private funds (for tax efficiency and investment opportunities) and overseas acquisitions to address structural short land leases in Singapore's industrial property sector.

Acquisitions

Disciplined approach with a total returns perspective in evaluating acquisition and development opportunities, the ESR-LOGOS REIT Manager will focus primarily on the following investment criteria:

- Pursuing strategic growth opportunities that complement the ESR-LOGOS REIT's portfolio and enhance ESR-LOGOS REIT's capacity for long-term sustainable growth.
- Enhancement of returns – properties with income yields that will deliver accretion to ESR-LOGOS REIT's distribution.
- Choice of location – properties which are located in close proximity to, and have convenient access to, major infrastructure and transportation hubs and within established industrial precincts/zones.
- Building and facilities specifications – properties with building and facilities specifications that can be used by a wide range of tenants so as to enhance the tenant mix and occupancy levels. Some of these specifications may include, but are not limited to, floor load capacity, good floor to ceiling heights, regular floor plates and power provision.
- Tenant credit quality and diversification – properties which have (a) tenants with good credit quality, (b) a diversified tenant mix for multi-tenanted properties and (c) established and reputable tenants. The ESR-LOGOS REIT Manager will evaluate the credit quality of tenants and, when considered prudent, carry out relevant enquiries. The ESR-LOGOS REIT Manager will aim to have a diversified tenant base in order to diminish tenant concentration risk.
- Land lease tenure expiry profile – properties with freehold and/or longer underlying land lease tenure.
- Lease expiry profile – properties that improve the weighted average lease to expiry profile of the properties held by ESR-LOGOS REIT and/or provide added diversification to the lease expiry profile to minimise ESR-LOGOS REIT's exposure to lease expiry in any one year.
- Asset enhancement and repositioning potential – properties with potential for adding value through capital expenditure especially through unused available plot ratio and/or repositioning potential.

### Acquisition with Regional Diversification

The ESR-LOGOS REIT Manager's medium and longer term strategy is to evaluate and pursue yield-accretive, value-enhancing and risk diversification acquisition opportunities in Singapore and overseas with a total returns approach in order to enhance the geographical spread and improve the profile of land lease expiries and tenant base of properties held by ESR-LOGOS REIT. Any expansion outside of Singapore and Australia will likely focus on overseas markets where ESR Group has a presence, which allows ESR-LOGOS REIT to leverage ESR Group's established operating platform and local property knowledge in these countries. There is efficient management of these overseas assets through ESR Group's on-ground teams. The ESR Group's pipeline includes a mix of scalable income-producing and/or development assets.

However, in assessing overseas acquisitions, the ESR-LOGOS REIT Manager will consider several additional factors in its acquisition criteria, including but not limited to:

- Ownership risks (e.g. form of land title, requirement for local partner);
- Country risks (e.g. political stability, business environment, law and order);
- Currency and tax risks (e.g. currency volatility and difference in tax regime);
- Market risks (e.g. property price and rental yield volatility, industry regulation and infrastructure); and
- Asset-specific risks (e.g. land tenure, tenant and building specifications).

### Property Development

ESR-LOGOS REIT will selectively evaluate development opportunities (including ESR Group's potential pipeline of assets) in which it may participate either individually or as part of a joint venture with ESR Group. These development projects (which may also come from ESR-LOGOS REIT's existing portfolio as part of ESR-LOGOS REIT's asset rejuvenation strategies) will provide upside benefits, while mitigation of downside risks will come from the proceeds of stable income-generating assets. The ESR-LOGOS REIT Manager will give specific focus to BTS developments which can cater to prospective tenants' operational requirements for the future and specifications as such developments are usually associated with long-term leases which will help to improve the income stability and lease expiry profile of the properties held by ESR-LOGOS REIT. In carrying out any development activities, the ESR-LOGOS REIT Manager will consider, among other things, development risks, construction risks, and other financial and general risk criteria.

ESR-LOGOS REIT will also leverage the ESR Group's proven track record as a developer of BTS warehousing and distribution facilities for leading global e-commerce companies.

### **(iii) Exercising Prudent Capital And Risk Management**

The ESR-LOGOS REIT Manager aims to optimise ESR-LOGOS REIT's capital structure and cost of capital within the borrowing limits set out in the Property Funds Appendix and intends to continue to use a combination of debt and/or equity instruments, including perpetual securities, to fund acquisitions, developments and asset enhancement of its property portfolio. ESR-LOGOS REIT maintains a well-staggered debt maturity profile, with no more than 32.9% of debt expiring in each year as at 31 March 2022. On 12 March 2021, ESR-LOGOS REIT had successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility. On 4 August 2021, ESR-LOGOS REIT

successfully issued S\$125 million five-year senior notes due 2026 at a 2.6% coupon. On 18 April 2022, in connection with the ALOG Merger, ESR-LOGOS REIT also entered into new S\$835 million and A\$365 million unsecured loan facilities. As at 31 March 2022, the WADE of ESR-LOGOS REIT is 2.2 years. ESR-LOGOS REIT enjoys strong banking support across 11 lending banks, reflected by the fact that as at 31 March 2022, all of ESR-LOGOS REIT's debt is on an unsecured basis with competitive margins. The weighted average all-in cost of debt is 3.34% as at 31 March 2022.

The ESR-LOGOS REIT Manager will continue to proactively reduce uncertainties in ESR-LOGOS REIT's capital structure by extending the debt maturity profile to manage refinancing risks and explore alternative sources of funding in debt and equity markets, where available. To maintain strong banking support, ESR-LOGOS REIT aims to further broaden and strengthen its banking relationships.

### Capital Management

The objectives of the ESR-LOGOS REIT Manager in relation to ESR-LOGOS REIT's capital management strategy are to:

- maintain a strong balance sheet and optimize the capital structure;
- employ an appropriate mix of debt and equity instruments in financing acquisitions, developments and AEI;
- diversify funding sources from both financial institutions and capital markets;
- maintain a well-staggered debt maturity profile and a long term debt-to-total assets target range of 35.0% to 45.0% to mitigate financial and liquidity risk;
- achieve a balanced overall cost of debt financing commensurate with the overall debt tenor;
- manage the exposure arising from adverse market movements in interest rates and foreign exchange (both income and capital) risks through appropriate use of hedging instruments and an appropriate level of hedging and use of local currency debt for overseas assets; and
- prudent capital and risk management initiatives.

### Interest rate hedging strategy

ESR-LOGOS REIT's exposure to changes in interest rates relate primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the ESR-LOGOS REIT Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The ESR-LOGOS REIT Manager adopts a policy of ensuring that the majority of ESR-LOGOS REIT's exposure to changes in interest rates on borrowings is on a fixed rate basis. This is mainly achieved by entering into fixed rate borrowings and/or interest rate swaps. As at 31 March 2022, 93.3% of ESR-LOGOS REIT's debt is on a fixed rate basis.

## Foreign exchange hedging strategy

As ESR-LOGOS REIT ventures overseas, its exposure to foreign exchange risk will increase. The ESR-LOGOS REIT Manager adopts various hedging strategies (such as borrowing in foreign currency to naturally hedge the foreign currency risk and/or entering into hedging transactions) where feasible and appropriate to partially mitigate and manage the currency risks associated with the cash flows generated by ESR-LOGOS REIT's investments in overseas properties. The ESR-LOGOS REIT Manager's objectives are to manage the exposure to fluctuations in foreign exchange through appropriate hedging strategies.

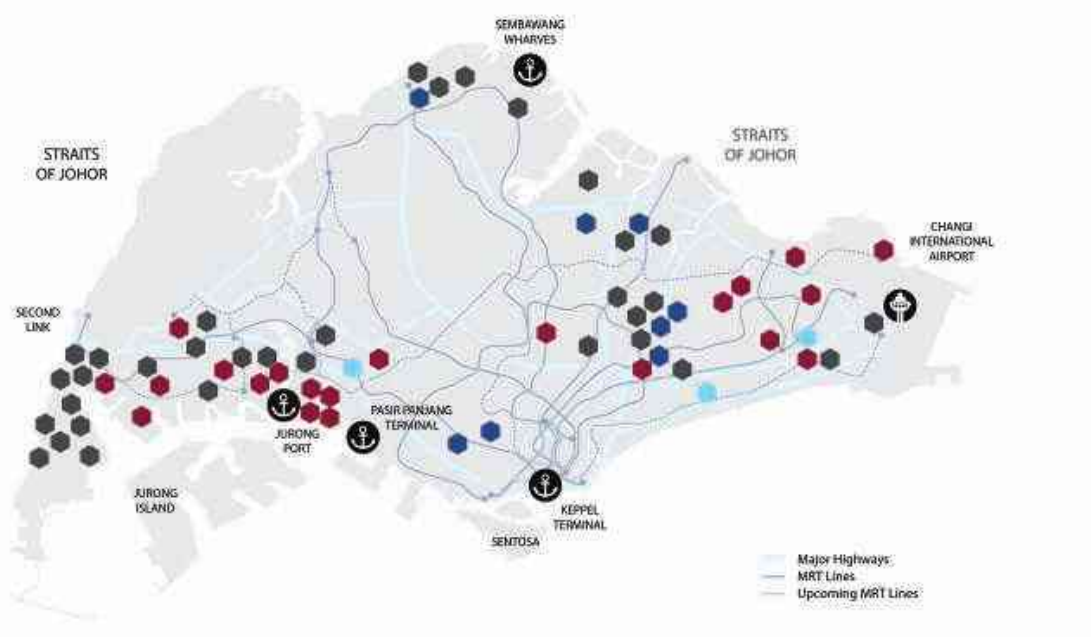
## 4. COMPETITIVE STRENGTHS OF ESR-LOGOS REIT

The ESR-LOGOS REIT Manager believes that ESR-LOGOS REIT and the properties that it owns as at 31 March 2022 enjoy the following competitive strengths:

- Strategically Located Properties

Most of the properties that ESR-LOGOS REIT owns as at 31 March 2022 are strategically located in close proximity to amenities, major highways, major transportation hubs and key industrial zones across Singapore.

The map below depicts the locations of the properties in Singapore as at 31 March 2022:



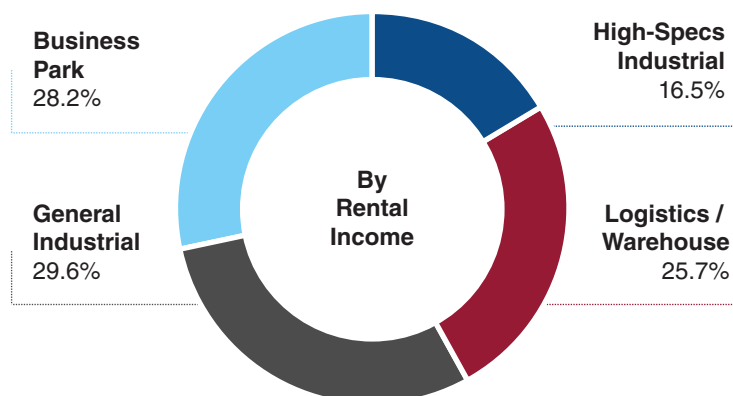
- Resilient and Diversified Portfolio

As at 31 March 2022, ESR-LOGOS REIT has a balanced portfolio with 54 quality income-producing industrial properties valued at S\$3.0 billion<sup>6</sup> across four (4) sub-asset classes in key industrial zones across Singapore. This reduces diversification risks to ESR-LOGOS REIT's portfolio by sub-sector type, tenants and geography. These properties serve the spatial requirements of various segments of the economy and enables ESR-LOGOS REIT to capture a larger tenant base. As at 31 March 2022, the Business Parks, High-Specs Industrial and Logistics/Warehouse sectors make up approximately 70.4% by rental income of ESR-LOGOS REIT's portfolio. A brief description of the property types is set out below:

- **Business Park:** Buildings and offices typically dedicated to business activities relating to high-technology, research and development value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
- **High-Specs Industrial:** High-Specs Industrial facilities are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and raised floors, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
- **Logistics and Warehousing:** Single or multi-storey distribution, logistics and warehouse facilities catering mainly to tenants that are third-party logistics/supply chain management providers or trading companies with predominant use of storage space for raw material, semi-finished or finished goods. Such properties come with vehicular ramp access and/or heavy-duty cargo lift access.
- **General Industrial:** Single or multi-storey facilities for both light industrial and general and heavy manufacturing or factory activities. Such spaces also have a small percentage of the usable space which can be set aside for office use.

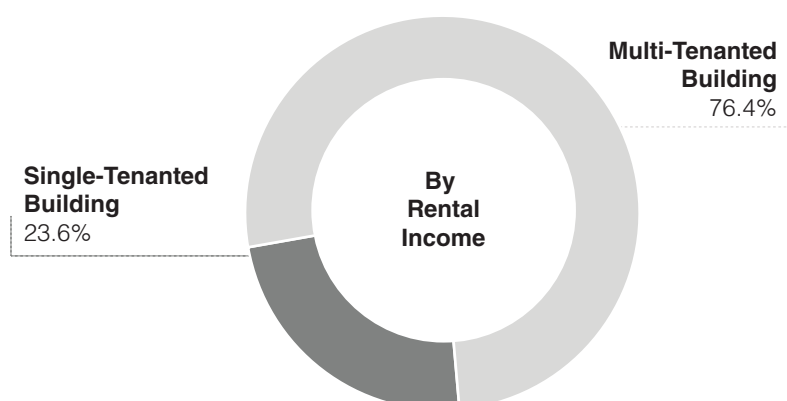
The pie charts below provide a breakdown of the property types, tenant, occupancy and portfolio rent profiles, each as at 31 March 2022:

Profile of ESR-LOGOS REIT's Properties by Rental Income



<sup>6</sup> Based on 80.0% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49.0% of the valuation of 48 Pandan Road in which ESR-LOGOS REIT holds interest in.

Profile of Single-Tenanted Properties vs Multi-Tenanted Properties (as a percentage of Rental Income)

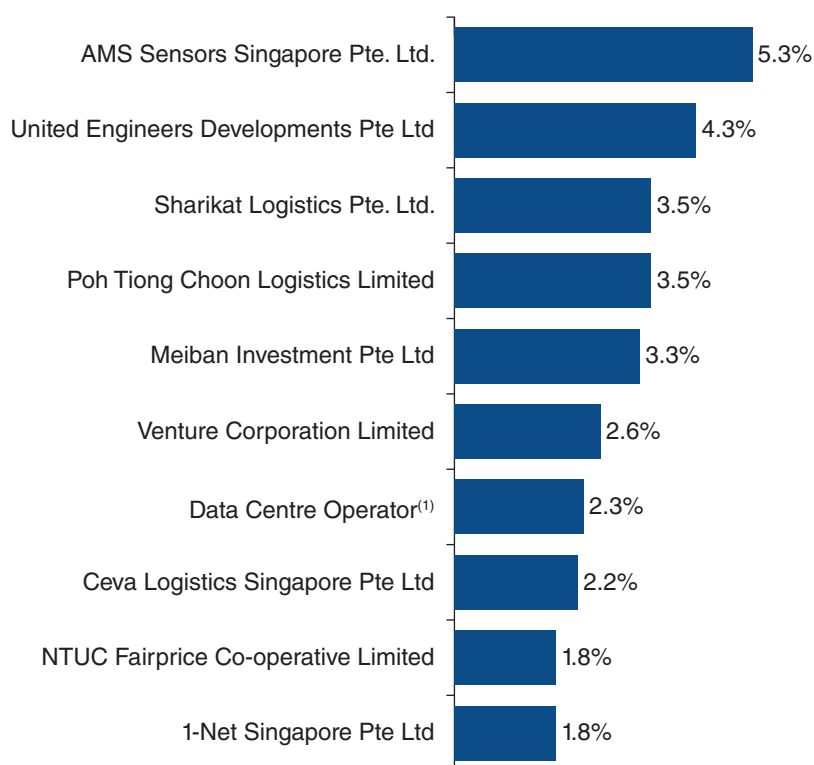


- **Diversified Tenant Network**

As at 31 March 2022, ESR-LOGOS REIT’s extensive tenant base of over 357 clients creates a network that reduces overall exposure to any one particular sector. Amongst others the trade sectors that the tenants of ESR-LOGOS REIT’s properties are engaged in include, on a broad basis, logistics & warehousing, manufacturing, info-comm and technology, electronics, and general & precision engineering.

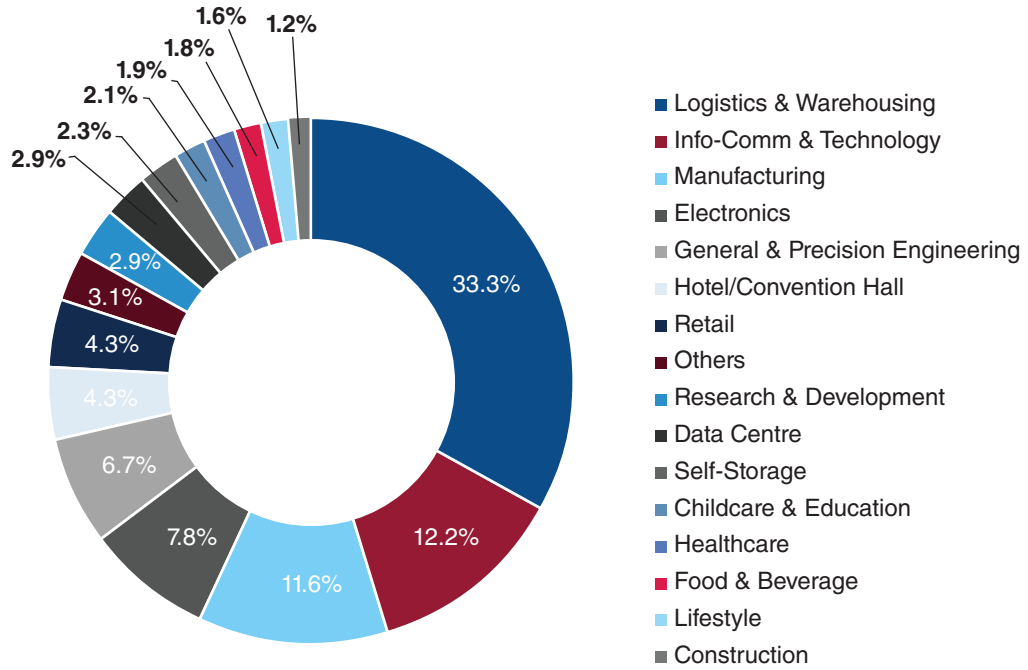
Consistent with the ESR-LOGOS REIT Manager’s strategy of maintaining a diversified tenancy portfolio to spread income risk, as at 31 March 2022, no individual trade sector accounts for more than 33.3% of ESR-LOGOS REIT’s rental income. The tenant trade sector mix and the top ten tenants by rental income as at 31 March 2022 are illustrated in the charts below:

Top 10 ESR-LOGOS REIT’s Tenants



**Note:** (1) Tenant is not named due to confidentiality obligations.

Trade Sector Analysis of ESR-LOGOS REIT's Tenants

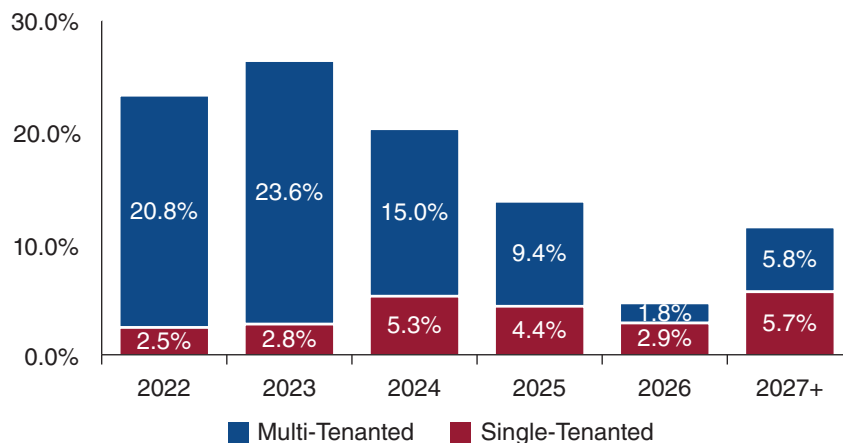


As at 31 March 2022, the top ten tenants together accounted for approximately 30.6% of rental income, and no single tenant contributes to more than 5.3% of the portfolio's rental income.

- Mixture of Medium and Long-Term Leases

As at 31 March 2022, the weighted average lease expiry for the portfolio was 2.5 years. With a well-staggered lease expiry profile, ESR-LOGOS REIT's portfolio enjoys stability of income, reducing ESR-LOGOS REIT's exposure to near term lease expiries. The weighted average lease term reflects a good mix of medium and long-term leases. The long-term leases provide certainty and allows for built-in rental escalations, thus providing a stable growth of income stream for the properties owned by ESR-LOGOS REIT as at 31 March 2022. The leases expiring in the short to medium term allow the opportunity for ESR-LOGOS REIT to reposition its portfolio in response to market conditions and potentially offer positive rental reversions and growth potential. The chart below shows the lease expiry profile of the portfolio as at 31 March 2022.

Lease Expiry Profile (expiring leases as a percentage of rental income)



- **Generic Assets with High Building Specifications**

The majority of the properties owned by ESR-LOGOS REIT as at 31 March 2022 have building technical specifications which feature high floor loading, good ceiling height and wide column spans. These specifications translate to more flexibility in space planning, better storage capacity and a wide range of usage, thus making ESR-LOGOS REIT's properties potentially attractive to a wide range of tenants.

- **Robust Occupancy**

The ESR-LOGOS REIT Manager has a proven track record of maintaining near full occupancy and above JTC average occupancy rates. The following table shows the occupancy rate of the properties owned by ESR-LOGOS REIT over the last five (5) years:

<b>As at year end</b>	<b>Portfolio Occupancy</b>
2021	92.0%
2020	91.0%
2019	90.5%
2018	93.0%
2017	93.0%

The near full occupancy rates are indicators of the consistent demand for industrial space in each of the properties owned by ESR-LOGOS REIT over the last five (5) years, attributable to their strategic locations as well as proactive lease management policies with respect to the renewal and replacement of tenants. As at 31 March 2022, ESR-LOGOS REIT enjoys a portfolio occupancy of 91.5%<sup>7</sup>, above JTC's average of 89.8%<sup>8</sup>.

- **Proactive Asset Management Resulting in Optimisation of Unitholder's Return and Capital Growth**

Maximising the growth potential of the portfolio is done through proactive asset management focusing on marketing and leasing, delivering high standards of property and customer service, improving operational efficacy and costs, and engaging in asset enhancement initiatives. A total area of 305,613 sq ft was leased in year to date 1Q2022 by renewing about 229,777 sq ft of space and securing 75,836 sq ft of new leases across 30 leasing transactions. Year to date tenant retention rate as at 31 March 2022 was 75.6%. Major renewal and new leases secured in 1Q2022 include Sika (Singapore) Pte Ltd (48,000 sq ft), Ecoplas Manufacturing Pte. Ltd. (19,000 sq ft) at 8 Tuas South Lane and a logistics company (100,483 sq ft) at 24 Jurong Port Road.

<sup>7</sup> Excludes properties in the pipeline for divestment and redevelopment.

<sup>8</sup> Based on 1Q2022 data from JTC.

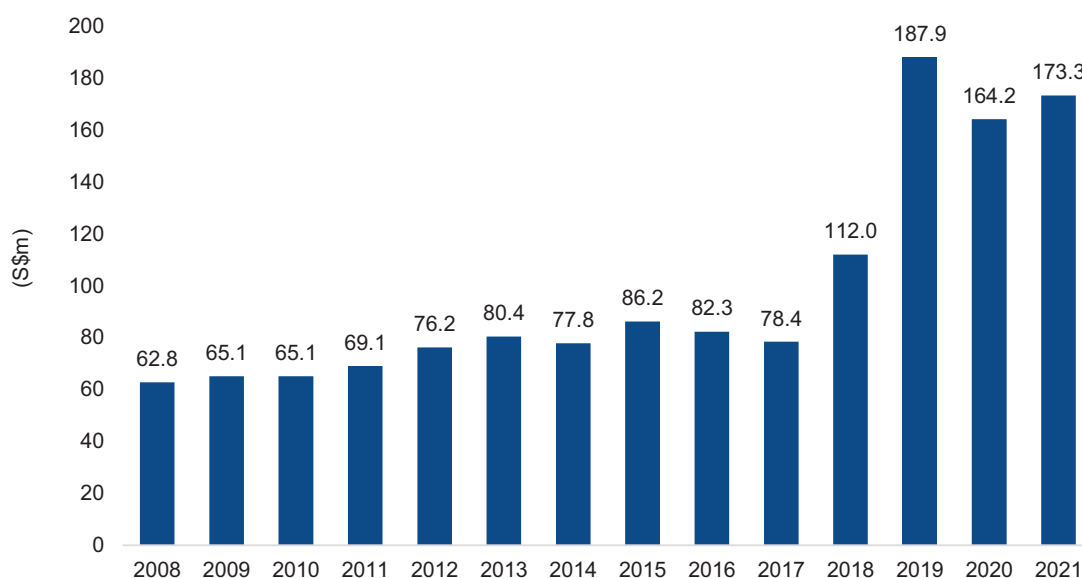
- Managed by an Experienced and Professional Management Team

The properties held by ESR-LOGOS REIT are managed by a management team comprising real estate and finance professionals with proven track record and a wealth of experience across local and regional real estate companies and financial institutions, setting the tone for a collaborative team culture focused on results. The team has extensive experience in fund management and compliance, as well as asset and property management in Singapore and the region. The management of ESR-LOGOS REIT has collective experience of more than 100 years in the real estate and financial services industry.

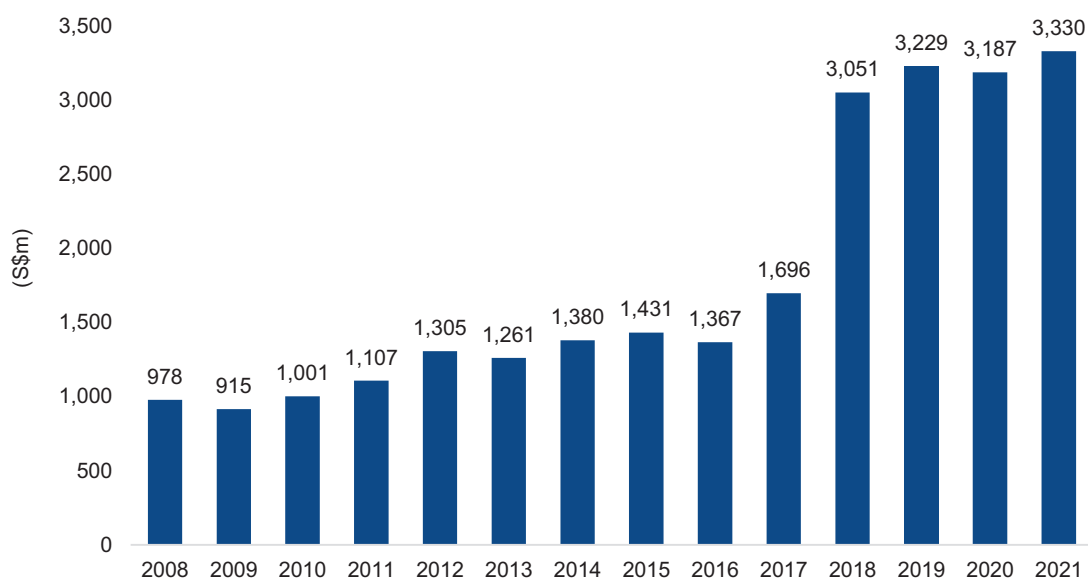
Please see the section titled “Structure of ESR-LOGOS REIT – Experience and Expertise of the ESR-LOGOS REIT Manager’s Management” for details.

Since the Listing Date, ESR-LOGOS REIT’s net property income and AUM have generally increased as illustrated in the charts below.

#### Net Property Income of ESR-LOGOS REIT



## Total AUM of ESR-LOGOS REIT



- **Prudent Capital and Risk Management**

ESR-LOGOS REIT has a stable income stream supported by prudent capital and risk management strategies. The ESR-LOGOS REIT Manager monitors its financial market risk and capital structure actively as prudent capital management is key for sustainable business. The ESR-LOGOS REIT Manager ensures that there is diversity in terms of source of funds, a well-staggered debt maturity profile, and a gearing ratio within its target range, to appropriately manage its financial risk. Diversified sources of funding ensure that ESR-LOGOS REIT can tap into alternative pools of capital in order to optimise Unitholder returns.

ESR-LOGOS REIT is well-supported by 11 lending banks on a 100% unsecured basis and has committed undrawn revolving credit facilities of S\$250.1 million as at 31 March 2022. As at 31 March 2022, ESR-LOGOS REIT has S\$180.0 million of debt expiring in FY2022 which can be refinanced by utilising its committed undrawn revolving credit facilities. ESR-LOGOS REIT's WADE as at 31 March 2022 is 2.2 years.

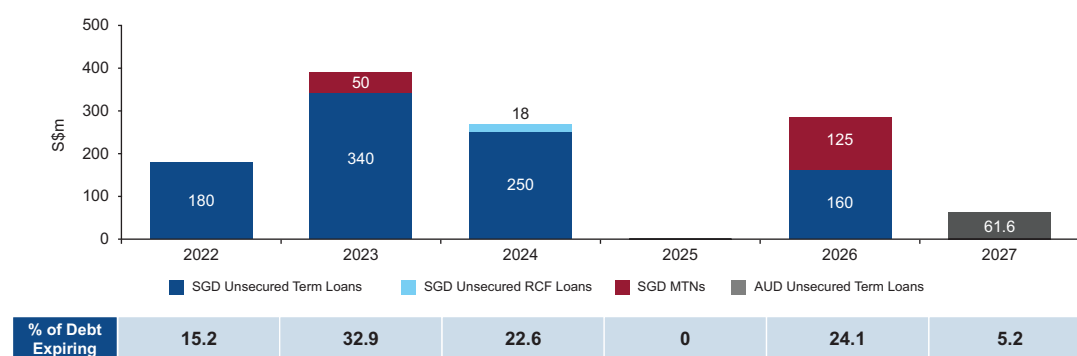
In FY2021, the ESR-LOGOS REIT Manager completed a S\$149.6 million equity fund raising exercise (comprising a S\$100.0 million Private Placement and a S\$49.6 million Preferential Offering) to partially finance the acquisition of a logistics property and the asset enhancement initiatives for two existing properties, as well as for the partial repayment of debt. The ESR-LOGOS REIT Manager also issued S\$125.0 million five-year unsecured senior notes due 2026 at 2.6% coupon in August 2021 to refinance a portion of the debt expiring in FY2022 ahead of expiry. In May 2021, the ESR-LOGOS REIT Manager obtained a A\$68.5 million unsecured loan facility to finance the acquisition of a 10.0% stake in EALP, an Australia logistics property fund managed by ESR Australia. In March 2021, the ESR-LOGOS REIT Manager refinanced all the debt expiring in FY2021 ahead of expiry with a new S\$320.0 million unsecured loan facility.

ESR-LOGOS REIT's financial position and capital structure are stable and well-balanced with a mix of debt, perpetual securities and equity. The following table sets out the key capital management indicators of ESR-LOGOS REIT as at 31 March 2022:

	<b>As at 31 March 2022</b>
Total Gross Debt (S\$ million)	1,184.6
Debt to Total Assets (%)	39.5
Weighted Average All-in Cost of Debt (%) p.a.	3.34
WADE (years)	2.2
Weighted Average Fixed Debt Expiry (years)	1.7
Interest Rate Exposure Fixed (%)	93.3
MAS Interest Coverage Ratio (times) <sup>9</sup>	3.5
MAS Adjusted Interest Coverage Ratio (times) <sup>10</sup>	3.0
Proportion of Unencumbered Investment Properties (%) <sup>11</sup>	100.0
Debt Headroom (S\$ million)	666.9
Undrawn Available Committed Facilities (S\$ million)	250.1

#### Well-Staggered Debt Maturity Profile

The following chart illustrates the debt maturity profile of ESR-LOGOS REIT as at 31 March 2022.



In line with ESR-LOGOS REIT's hedging policy of having >50% of its portfolio loans hedged, the ESR-LOGOS REIT Manager has ensured that the majority of its interest rate exposure is fixed. This provides stability of distributions to Unitholders, especially amidst the volatile interest rate environment.

9 Interest expense includes amortisation of debt-related transaction costs but excludes finance costs on lease liabilities under FRS 116.

10 Interest expense includes amortisation of debt-related transaction costs and distributions on perpetual securities but excludes finance costs on lease liabilities under FRS 116.

11 Excludes ESR-LOGOS REIT's 49.0% interest in 48 Pandan Road.

- Supported by Strong and Committed Sponsor with Visible Pipeline of Assets with an Established APAC Footprint

ESR Group is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140.2 billion in total AUM, its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by ESR and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. ESR's purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

- Continued Commitment Towards Sustainability

ESR-LOGOS REIT's sustainability approach reinforces the integration of ESG risks and opportunities into its business strategy, asset and property management activities, creating value for its key stakeholders.

In view of the COVID-19 pandemic, ESR-LOGOS REIT has refined its targets for material issues to include a new governance target on pandemic readiness. ESR-LOGOS REIT has also mapped its material factors to the most relevant United Nations' Sustainable Development Goals (SDGs) which it contributes to, in alignment with its sponsor, ESR Group. In FY2021, ESR-LOGOS REIT completed its first submission in the 2021 real estate assessment byGRESB, a leading ESG performance benchmark for real estate and infrastructure companies globally.

## 5. PROPERTY STATISTICS AND DETAILS OF ESR-LOGOS REIT AS AT 31 MARCH 2022

- Properties and Property Types

The table below sets out certain information on the properties owned by ESR-LOGOS REIT.

Address	Tenants	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry	Acquisition Date	Occupancy (%) as at 31 Dec 21	Fair Value (S\$'000) as at 31 Dec 21	
<b>BUSINESS PARK</b>								
1.	16 International Business Park	Master lease	69,258	30 + 30	31 July 2056	19 December 2014	100	32,500
2.	750-750E Chai Chee Road	Multi-tenanted	1,134,988	60	31 March 2031	15 October 2018	81	257,600
				43	28 February 2031			
3.	2 & 4 Changi Business Park Ave 1 – Business Park 6 & 8 Changi Business Park Ave 1 – Hotel	Multi-tenanted	652,323	30 + 30	31 January 2068	15 October 2018	67	546,000
<b>HIGH-SPECS INDUSTRIAL</b>								
1.	21/23 Ubi Road 1	Multi-tenanted	148,301	30 + 30	31 January 2057	25 July 2006	82.4	36,500
2.	2 Jalan Kilang Barat	Multi-tenanted	67,667	99	30 June 2062	25 July 2006	100	28,800
3.	11 Chang Charn Road	Multi-tenanted	73,745	99	31 December 2056	31 March 2014	39.3	28,100
4.	16 Tai Seng Street	Multi-tenanted	182,353	30 + 30	3 July 2067	29 May 2012	40.2	58,500
5.	19 Tai Seng Avenue	Multi-tenanted	101,114	30 + 30	10 September 2067	15 October 2018	76	49,300
6.	12 Ang Mo Kio Street 65	Multi-tenanted	165,268	30 + 30	15 October 2050	13 September 2014	90.7	37,000
7.	7000 Ang Mo Kio Avenue 5 <sup>12</sup>	Multi-tenanted	819,323	32 + 30	29 January 2057	13 December 2017	96.9	306,200
8.	30 Marsiling Industrial Estate Road 8	Multi-tenanted	187,055	30 + 30	30 November 2049	24 October 2012	100	46,000
<b>LOGISTICS AND WAREHOUSING</b>								
1.	1 Third Lok Yang Road and 4 Fourth Lok Yang Road	Master lease	114,111	30	15 December 2031	25 July 2006	100	10,300
2.	25 Changi South Avenue 2	Master lease	72,998	30 + 30	15 October 2054	25 July 2006	100	12,000
3.	160 Kallang Way	Master lease	322,604	30 + 30	15 February 2033	25 July 2006	100	24,400
4.	6 Chin Bee Avenue	Master lease	324,166	30	15 October 2043	15 October 2018	100	96,400
5.	30 Pioneer Road	Master lease	281,101	30	15 February 2037	15 October 2018	100	41,400

<sup>12</sup> Information has been presented on 100% basis which includes 20.0% interest not owned by ESR-LOGOS REIT.

Address	Tenants	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry	Acquisition Date	Occupancy (%) as at 31 Dec 21	Fair Value (S\$'000) as at 31 Dec 21	
<b>BUSINESS PARK</b>								
6.	48 Pandan Road <sup>13</sup>	Master lease	1,009,578	24	31 October 2043	7 August 2019	100	227,700
7.	4/6 Clementi Loop	Multi-tenanted	247,793	30 + 30	30 September 2053	13 June 2011	92	39,200
8.	24 Jurong Port Road	Multi-tenanted	713,383	30 + 12	28 February 2037	25 July 2006	97.5	85,700
9.	3 Pioneer Sector 3	Multi-tenanted	645,534	30 + 30	15 December 2050	25 July 2006	93	98,100
10.	15 Greenwich Drive	Multi-tenanted	453,006	30	15 December 2041	25 October 2018	100	93,500
11.	46A Tanjong Penjuru	Multi-tenanted	530,551	30 + 14	30 April 2050	29 June 2021	100	119,600
<b>GENERAL INDUSTRIAL</b>								
1.	70 Seletar Aerospace View	N.A.	53,729	30	15 October 2041	22 November 2012	N.A.	7,000
2.	11 Ubi Road 1	Master lease	253,058	Plot 1: 30 + 30 Plot 2: 21 + 30	31 August 2055	15 October 2018	100	87,500
3.	29 Tai Seng Street	Master lease	85,070	30 + 30	30 April 2067	15 October 2018	100	35,500
4.	81 Tuas Bay Drive	Master lease	107,567	60	18 July 2066	15 October 2018	100	28,000
5.	79 Tuas South Street 5	Master lease	67,942	30 + 30	31 January 2060	30 April 2008	100	10,700
6.	31 Tuas Avenue 11	Master lease	75,579	30 + 30	31 March 2054	25 July 2006	100	12,100
7.	1 Changi North St 2	Master lease	125,870	30 + 30	28 February 2061	19 October 2010	100	22,400
	2 Changi North St 2	Master lease		30 + 30	22 November 2065			
8.	9 Tuas View Crescent	N.A.	71,581	30 + 30	15 July 2058	25 July 2006	N.A.	10,000
9.	31 Changi South Avenue 2	Master lease	59,697	30 + 30	28 February 2055	27 July 2007	100	13,300
10.	22 Chin Bee Drive	N.A.	120,653	30	15 September 2035	28 September 2010	N.A.	13,900
11.	2 Tuas South Avenue 2	Master lease	217,351	60	3 January 2059	25 July 2006	100	36,700
12.	21B Senoko Loop	N.A.	195,823	30 + 30	31 January 2053	28 January 2008	N.A.	22,800
13.	60 Tuas South Street 1	Master lease	44,675	30	15 March 2035	29 June 2011	100	4,100
14.	28 Woodlands Loop	Master lease	131,859	30 + 30	15 October 2055	25 July 2006	100	17,300
15.	25 Pioneer Crescent	Master lease	76,003	30 + 28	31 January 2067	29 March 2012	100	16,400
16.	11 Woodlands Walk	Master lease	96,625	30 + 30	15 October 2055	29 October 2012	100	17,600
17.	43 Tuas View Circuit	Master lease	122,836	30	31 January 2038	21 September 2012	100	17,400

13 Information has been presented on 100% basis which includes 51.0% interest not owned by ESR-LOGOS REIT.

Address	Tenants	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry	Acquisition Date	Occupancy (%) as at 31 Dec 21	Fair Value (S\$'000) as at 31 Dec 21	
<b>BUSINESS PARK</b>								
18.	3 Tuas South Avenue 4	Master lease	315,522	30 + 30	30 April 2059	19 March 2013	100	43,200
19.	30 Toh Guan Road	Multi-tenanted	286,515	30 + 30	15 August 2055	25 July 2006	96.7	60,800
20.	128 Joo Seng Road	Multi-tenanted	74,133	30 + 30	30 April 2052	25 June 2007	96.5	11,700
21.	130 Joo Seng Road	Multi-tenanted	91,945	30 + 30	30 November 2051	25 July 2006	100	15,300
22.	136 Joo Seng Road	Multi-tenanted	78,189	30 + 30	30 September 2050	25 July 2006	100	12,600
23.	54 Serangoon North Ave 4	Multi-tenanted	117,113	30 + 30	15 June 2056	1 March 2013	99.4	22,900
24.	11 Lorong 3 Toa Payoh	Multi-tenanted	348,103	60	15 May 2029	15 October 2018	75	48,700
25.	120 Pioneer Road	Multi-tenanted	215,970	30 + 28	15 February 2055	24 October 2007	83.8	36,500
26.	5/7 Gul Street 1	Multi-tenanted	87,201	29.5	30 September 2037	15 July 2011	62.7	13,900
27.	160A Gul Circle	Multi-tenanted	80,203	27	29 September 2040	13 May 2015	81.8	13,700
28.	30 Teban Gardens Crescent	Multi-tenanted	119,577	10 + 22	31 May 2039	17 March 2014	100	30,500
29.	8 Tuas South Lane	Multi-tenanted	735,507	30 + 16	31 March 2054	13 December 2017	100	103,700
30.	513 Yishun Industrial Park A	Multi-tenanted	200,217	30 + 30	30 November 2053	30 November 2010	79.3	25,900
	511 Yishun Industrial Park A			29 + 30	31 May 2054			
31.	86/88 International Road	Multi-tenanted	237,229	30 + 30	15 December 2054	25 July 2006	100	40,500
32.	13 Jalan Terusan	Multi-tenanted	229,984	28	24 March 2035	30 January 2013	100	25,000

### Valuation of the Properties

In 2021, ESR-LOGOS REIT conducted two independent valuations of its portfolio. The methodologies employed in the independent valuations include the direct comparison method, capitalisation approach and discounted cash flow analysis.

As at 30 September 2021, the total valuation of ESR-LOGOS REIT's 58<sup>14</sup> properties was S\$3.23 billion<sup>15</sup>. Independent valuations were conducted by Jones Lang LaSalle Property Consultants Pte Ltd, Knight Frank Pte Ltd and Cushman & Wakefield VHS Pte Ltd, and are reported on the basis of material valuation uncertainty due to COVID-19. Several existing properties within the portfolio registered uplift in valuations such as ESR Bizpark @ Changi and 19 Tai Seng Avenue upon the completion of its AEI while several existing properties within the portfolio registered a slight depreciation in revaluation against their valuation as at 31 December 2020 mainly due to shorter remaining land tenure amidst changing market conditions from the effects of the COVID-19 pandemic on the market rental rate and market rental growth assumptions.

Independent valuations as at 31 December 2021 for 56 properties were largely stable at S\$3.17 billion<sup>16</sup>, despite several existing properties within the portfolio registering a slight depreciation in revaluation against their valuation as at 30 September 2021 mainly due to shorter remaining land tenure partially offset by uplift in valuation of assets that are undergoing AEI. Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd. and Cushman & Wakefield VHS Pte Ltd conducted the year-end independent valuations and are reported on the basis of material valuation uncertainty due to COVID-19.

The table below sets out the divestments that have been completed since 30 September 2021 up to 31 March 2022:

No.	Property Name	Completion Date	Sale Consideration <sup>17</sup>
1.	45 Changi South Avenue 2	1Q FY2022	S\$11.1 million
2.	11 Serangoon North Avenue 5 and 3C Toh Guan Road East	4Q FY2021	S\$53.0 million
3.	28 Senoko Drive	1Q FY2022	S\$12.0 million

As at 31 March 2022, the weighted average land lease expiry of ESR-LOGOS REIT's portfolio was 30.5 years (weighted by valuation), down from 31.3 years one year ago.

14 These 58 properties included 45 Changi South Avenue 2, 11 Serangoon North Avenue 5, 3C Toh Guan Road East and 28 Senoko Drive, all of which have been divested as at the date of this Supplemental Information Memorandum.

15 Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-LOGOS REIT holds 80.0% interest in 7000 Ang Mo Kio Avenue 5 and 49.0% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

16 Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-LOGOS REIT holds 80.0% interest in 7000 Ang Mo Kio Avenue 5 and 49.0% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.

17 Excluding divestment costs and applicable goods and services tax.

- AEI

AEI remains an important aspect of the ESR-LOGOS REIT Manager’s proactive asset management strategy for ESR-LOGOS REIT. This enables the ESR-LOGOS REIT Manager to unlock additional value for ESR-LOGOS REIT through the maximisation of the permissible gross plot ratio and/or re-positioning of ESR-LOGOS REIT’s portfolio. The ESR-LOGOS REIT Manager intends to continue engaging with various stakeholders, including the surrounding communities of the relevant properties, to identify potential further AEI opportunities that will enable it to put forth plans for land lease extensions closer to the date of land lease expiry, and where such plans will maximise land use and achieve the objectives of the various stakeholders.

The table below sets out the AEI completed in the last three years:

	<b>Property Name</b>	<b>Description of AEI</b>	<b>Contract Cost<sup>1</sup> (S\$’million)</b>	<b>Completion Date</b>
1.	19 Tai Seng Avenue	Conversion from General Industrial to High-Specs	7.65	4Q FY2021
2.	ESR BizPark @ Changi (formerly UE BizHub EAST)	Rejuvenation works	14.5	1Q FY2021
3.	30 Marsiling Industrial Estate Road 8	Conversion from General Industrial to High-Specs	11.5	1Q FY2019

Apart from the aforementioned completed AEI, AEI works are planned for 16 Tai Seng Avenue (to include an additional floor to increase its GFA by approximately 29,000 sq ft or 13.8%) and completion is targeted for 1Q2024. Further, a new multi-tenanted standalone high-specs building suitable for advanced manufacturing, info-comm and data centre tenants is also in the process of being developed at 7000 Ang Mo Kio Avenue 5 and completion is targeted for 3Q2023.

The AEI at 7000 Ang Mo Kio Avenue 5 is expected to provide an estimated average 7.0% to 9.0% yield on cost.

- **Recent Developments**

- (i) On 25 May 2022, ESR-LOGOS REIT announced that Berkeley Trust (an indirect wholly-owned entity of ESR-LOGOS REIT) has entered into an agreement to divest 3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia for a sale consideration of S\$53.4 million (A\$55.0 million) (excluding divestment costs and applicable goods and services tax). The net proceeds from the divestment will be deployed to repay outstanding borrowings, finance upcoming asset enhancements and/or fund general working capital requirements.
- (ii) Completion of the ALOG Merger

On 22 April 2022, the merger between ESR-REIT and ALOG has become effective and binding in accordance with its terms. Following the completion of the merger on 28 April 2022, ALOG has become a wholly-owned sub-trust of ESR-LOGOS REIT and ALOG delisted from the SGX-ST on 5 May 2022 and renamed as “ALOG Trust”. On 28 April 2022, the ESR-LOGOS REIT Manager announced that the name of the REIT has been changed from “ESR-REIT” to “ESR-LOGOS REIT” with effect from 5 May 2022.

For information pertaining to the Enlarged Trust, please see Appendix IV on the Unaudited Pro Forma Financial Information of the Enlarged Trust, Appendix V for further information on the Enlarged Trust, including the key benefits of the ALOG Merger, as well as a summary of the property statistics of ALOG as at 31 December 2021 and Appendix VI for the presentation slides announced by the ESR-LOGOS REIT Manager which contain the Pro Forma Operational Information of the Enlarged Trust. Investors should note that this Supplemental Information Memorandum should be read in conjunction with the Appendices, in particular Appendices IV to VI, for full information on the Enlarged Trust.

- (iii) ESR-LOGOS REIT undertakes a BTS redevelopment at 21B Senoko Loop for NTS Components Singapore Pte Ltd

On 12 April 2022, the ESR-LOGOS REIT Manager announced that ESR-LOGOS REIT will be redeveloping a BTS high-specifications facility ("**Redevelopment**") at 21B Senoko Loop for NTS Components Singapore Pte Ltd. ("**NTS**"). The estimated cost of the Redevelopment is approximately S\$38.5 million and is expected to be completed by 1Q2024.

The Redevelopment will be executed in two phases to convert the aforesaid property from a general industrial building to a high-specifications asset with phase one expected to be completed in the first half of 2023 and phase two to follow about ten months after. The phased redevelopment allows NTS to better plan and start its business expansion and operations with minimal delay. In addition to NTS, the aforesaid property will also house its sister company, NTS Mechatronics Singapore Pte. Ltd. ("**NTS Mechatronics**"). NTS Mechatronics specializes in complex mechatronics assembly for the high-tech industry. The Redevelopment is expected to achieve the Green Mark Gold certification upon completion.

Under the terms of the Redevelopment, the property will be leased to NTS on a triple net basis for 15 years with annual rental escalations. NTS will be fully responsible for the payment of utilities, maintenance expenses, property tax and land rent.

Upon completion of the Redevelopment, ESR-LOGOS REIT's portfolio will include nine high-specifications assets, representing 18.4%<sup>18</sup> of its portfolio valuation.

- (iv) Entry into S\$835 million and A\$365 million unsecured loan facilities

On 18 April 2022, in connection with the merger between ESR-REIT and ALOG, the ESR-LOGOS REIT Trustee and ESR-LOGOS REIT AUS (MTN) Pty Ltd entered into a S\$835 million and A\$365 million unsecured loan facilities agreement with (a) DBS Bank Ltd., Australia Branch, Malayan Banking Berhad, Singapore Branch, Sumitomo Mitsui Banking Corporation Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and Australia and New Zealand Banking Group Limited, as mandated lead arrangers and bookrunners, (b) DBS Bank Ltd., Australia Branch, Malayan Banking Berhad, Singapore Branch, Sumitomo Mitsui Banking Corporation Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and Australia and New Zealand Banking Group Limited, as original lenders and (c) DBS Bank Ltd., as facility agent.

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18 As at 31 December 2021.

The unsecured loan facilities consist of S\$835 million and A\$365 million term and revolving loan facilities. The proceeds of the facilities will be applied by the ESR-LOGOS REIT Trustee and ESR-LOGOS REIT AUS (MTN) Pty Ltd towards the following purposes:

- (a) in relation to the S\$835 million term and revolving loan facilities: (i) the financing of the Cash Consideration payable to the unitholders of ALOG under the scheme; (ii) the refinancing in full of the indebtedness under the existing loan facilities granted to ALOG (acting through the ALOG Trustee) (the “**Existing Target Indebtedness**”); (iii) the payment of costs, fees and expenses (including taxes) incurred in connection with the scheme and the financing contemplated in connection with the scheme and the Existing Target Indebtedness; and (iv) general working capital purposes of the ESR-LOGOS REIT Trustee; and
- (b) in relation to the A\$365 million term and revolving loan facilities: (i) the refinancing in full of the Existing Target Indebtedness; (ii) the payment of costs, fees and expenses (including taxes) incurred in connection with the scheme and the financing contemplated in connection with the scheme and the Existing Target Indebtedness; and (iii) general working capital purposes of ESR-LOGOS REIT AUS (MTN) Pty Ltd.
- (v) Retirement of RBC Investor Services Trust Singapore Limited as trustee of ESR-LOGOS REIT

On 14 April 2022, RBC Investor Services Trust Singapore Limited entered into a deed of retirement and appointment of trustee (the “**DORA**”) with the ESR-LOGOS REIT Manager and Perpetual (Asia) Limited, whereby RBC Investor Services Trust Singapore Limited will retire as trustee of ESR-LOGOS REIT and Perpetual (Asia) Limited will be appointed by the ESR-LOGOS REIT Manager as trustee of ESR-LOGOS REIT. The retirement of RBC Investor Services Trust Singapore Limited and the appointment of Perpetual (Asia) Limited are expected to take effect on the date on which the conditions precedent set out in the DORA are fulfilled or such other date as the parties thereto may agree in writing.

- (vi) Completion of divestment of 45 Changi South Avenue 2

On 14 March 2022, the ESR-LOGOS REIT Trustee has completed the divestment of 45 Changi South Avenue 2 for a sale consideration of S\$11.1 million (excluding divestment costs and applicable goods and services tax).

The sale consideration of S\$11.1 million represents a 7.8% premium to the fair value of the aforesaid property at S\$10.3 million<sup>19</sup>, and is not expected to have a material impact on ESR-LOGOS REIT’s NAV and net property income for the financial year ending 31 December 2021.

- (vii) Completion of divestment of 28 Senoko Drive

On 14 January 2022, the ESR-LOGOS REIT Trustee has completed the divestment of 28 Senoko Drive for a sale consideration of S\$12.0 million (excluding divestment costs and applicable goods and services tax).

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<sup>19</sup> Based on the independent valuation conducted by Knight Frank Pte Ltd as at 31 December 2020.

The sale consideration of S\$12.0 million represents a 8.4% discount to the fair value of the aforesaid property at S\$13.1 million<sup>20</sup>, and is not expected to have a material impact on ESR-LOGOS REIT's NAV and net property income for the financial year ending 31 December 2022.

(viii) Completion of divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan East

On 30 November 2021, the ESR-LOGOS REIT Trustee has completed the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan East for a sale consideration of S\$53.0 million (excluding divestment costs and applicable goods and services tax).

The sale consideration of S\$53.0 million represents a 3.0% premium to the total fair value of the aforesaid properties of S\$51.5 million<sup>21</sup> as at 30 September 2021 and a 7.1% premium to their total acquisition price. Net proceeds from the divestment will be deployed to repay outstanding borrowings and/or fund upcoming asset enhancements, potential acquisitions, unit buy-back and general working capital requirement.

(ix) ESR-LOGOS REIT's entry into FTSE EPRA NAREIT Global Developed Index

On 2 September 2021, the ESR-LOGOS REIT Manager announced that ESR-LOGOS REIT will be included in the FTSE EPRA NAREIT Global Real Estate Index Series (Global Developed Index) with effect from 20 September 2021. Inclusion in the index will enhance ESR-LOGOS REIT's trading liquidity and visibility to investors worldwide, solidifying ESR-LOGOS REIT's position among the largest listed industrial S-REITs and provide access to wider pools of capital to execute organic and acquisition strategies.

(x) Issuance of S\$125.0 million Fixed Rate Notes

On 4 August 2021, ESR-LOGOS REIT issued S\$125.0 million 2.60% Fixed Rate Notes due 2026 comprised in Series 007 under the Programme (the "**Series 007 Notes**"). The net proceeds arising from the issue of the Series 007 Notes was used for the purpose of refinancing the existing borrowings of ESR-LOGOS REIT, financing or refinancing the acquisitions and/or investments of ESR-LOGOS REIT and any development and asset enhancement works initiated by ESR-LOGOS REIT, financing general working capital and capital expenditure requirements of ESR-LOGOS REIT.

(xi) Acquisition of stake in 37<sup>22</sup> Australian assets via 10.0% of the units in EALP

On 6 May 2021, the ESR-LOGOS REIT Trustee entered into a unit sale agreement (the "**Unit Sale Agreement**") with ESR Investment Management 2 (Australia) Pty Limited, in its capacity as trustee of ESR Co-Invest Trust (the "**Guarantor**"), and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust (the "**Vendor**"), to acquire from the Vendor 10.0% of the total issued units of EALP (the "**Fund**"), which, as at 15 October 2021, indirectly holds 32 income-producing properties (the "**Income-Producing Properties**"), two land parcels for future development (the "**Land Parcels**") and two properties which are currently under development (the "**Development Properties**") from the Vendor. The Guarantor has agreed to guarantee and procure the performance of the Vendor under the Unit Sale Agreement. The acquisition was completed on 14 May 2021.

20 Based on independent valuation conducted as at 30 September 2021.

21 Based on independent valuation conducted as at 30 September 2021.

22 At the time of acquisition. As at 31 December 2021, 36 Australian assets through EALP.

As part of the Acquisition, ESR Investment Management 1 (Australia) Pty Limited, in its capacity as trustee of the Fund (the “**Fund Trustee**”), the Vendor and the ESR-LOGOS REIT Trustee have also entered into a commitment deed (the “**Commitment Deed**”) under which the ESR-LOGOS REIT Trustee agrees to commit to subscribe for units of the Fund and acquire the Sale Units from the Vendor subject to the terms and conditions of the Commitment Deed and the trust deed of the Fund executed by the Fund Trustee dated 29 June 2018 (as amended) (the “**Fund Trust Deed**”).

The Fund is a private fund constituted under the Fund Trust Deed, and is managed by ESR AM, which is an indirect subsidiary of the sponsor of ESR-LOGOS REIT, ESR.

The purchase consideration payable by the Trustee under the Unit Sale Agreement is A\$60.5 million. The purchase consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the two independent valuations as at 31 March 2021 commissioned by the Trustee and the ESR-LOGOS REIT Manager for the 32 Income-Producing Properties (excludes 65-75 Strelecki Avenue, which was acquired by the Fund on 19 April 2021, and 450 Sherbrooke Road (Phase 2), which achieved practical completion on 17 September 2021, and includes 164-166 Newton Road and 7 Modal Crescent which were divested on 17 August 2021 and 1 October 2021 respectively), and the book value of the Development Properties and the Land Parcels.

This acquisition is ESR-LOGOS REIT’s maiden overseas acquisition and is in line with the ESR-LOGOS REIT Manager’s strategy to invest in markets where the ESR Group has real estate operational capabilities and presence so as to leverage the ESR Group’s capabilities in those markets.

Some key benefits of this acquisition are: (a) geographical diversification to ESR-LOGOS REIT’s portfolio, (b) capitalisation on Australia’s attractive logistics market, exposure to freehold assets and lengthening of the weighted average land lease tenure of ESR-LOGOS REIT’s portfolio, (c) exposure to an income-producing portfolio with a complementary opportunity for risk-managed development upside, (d) an increased portfolio weighted average lease expiry and occupancy, (e) DPU accretion, and (f) a demonstration of ESR-LOGOS REIT’s access to the ESR Group’s pipeline of assets with the Fund’s underlying assets as a potential asset pipeline for ESR-LOGOS REIT.

(xii) Entry into A\$68.5 million unsecured loan facility

On 6 May 2021, the ESR-LOGOS REIT Manager announced that the ESR-LOGOS REIT Trustee, as borrower has entered into a A\$68.5 million unsecured loan facility agreement with RHB Bank Berhad, as lender.

The unsecured loan facility consists of a A\$60.5 million term loan facility and a A\$8.0 million revolving loan facility. The proceeds of these facilities will be applied towards: (a) financing, refinancing and/or reimbursing (in each case, in whole or in part) the acquisition costs for 10.0% of the total issued units of EALP, (b) financing (in whole or in part) the payment of capital calls made by EALP on the ESR-LOGOS REIT Trustee; and (c) the general working capital purposes of the Borrower. The final maturity date of the loan is 72 months from the first utilisation date of the A\$60.5 million term loan facility.

(xiii) Equity fund raising to raise gross proceeds of S\$149.6 million

On 6 May 2021, the ESR-LOGOS REIT Manager launched an equity fundraising exercise (the “**Equity Fund Raising**”) to raise gross proceeds of up to S\$150.0 million comprising a private placement (“**Private Placement**”) and a non-renounceable preferential offering (“**Preferential Offering**”) of new ESR-LOGOS REIT Units (“**New Units**”) to partially finance the acquisition of 46A Tanjong Penjuru and the AEI of the properties located at 16 Tai Seng Street and 7000 Ang Mo Kio Avenue 5 and to repay existing indebtedness of ESR-LOGOS REIT.

As announced by the ESR-LOGOS REIT Manager on 7 May 2021, 268,818,000 New Units were issued under the Private Placement at an issue price of S\$0.372 per New Unit, to raise gross proceeds of approximately S\$100.0 million. The upside option to issue an additional 67,205,000 New Units was exercised, and the Private Placement was approximately 3.5 times covered.

At an extraordinary general meeting held on 26 July 2021, the Independent Unitholders approved the Whitewash Resolution, so as to enable the Sponsor to (a) procure the e-Shang Infinity Cayman Limited (a substantial unitholder and wholly owned subsidiary of the Sponsor) or, as the case may be, its nominee(s) or custodian(s) (collectively, the “**Sponsor Relevant Entities**”) to subscribe and pay in full for the Sponsor Relevant Entities’ total provisional allotments of the New Units under the Preferential Offering (the “**Allotted Preferential Offering Units**”); and (b) procure that the Sponsor Relevant Entities make excess applications, subscribe and pay in full for, additional Preferential Offering units above the Sponsor Relevant Entities’ Allotted Preferential Offering Units (with the Sponsor Relevant Entities ranking last in priority), provided that the total number of the Preferential Offering New Units applied for by the Sponsor Relevant Entities will not exceed a maximum subscription amount under the Preferential Offering of S\$50.0 million.

On 27 July 2021, the ESR-LOGOS REIT Manager announced the launch of the Preferential Offering to raise gross proceeds of up to S\$50.0 million at an issue price of S\$0.400 for each New Unit for approximately 124.1 million New Units on the basis of 32 New Units for every 1,000 existing units.

On 26 August 2021, the ESR-LOGOS REIT Manager announced the issuance of approximately 124.1 million New Units to raise proceeds of approximately S\$49.6 million. Consequently, the total number of Units in issue as at 26 August 2021 is approximately 4 billion Units.

On 27 August 2021, the ESR-LOGOS REIT Manager announced that out of the gross proceeds of approximately S\$149.6 million from the equity fund raising (comprising the gross proceeds from the Private Placement and Preferential Offering of approximately S\$100 million and S\$49.6 million respectively), a further amount of approximately S\$30.6 million was used for debt repayment.

(xiv) Entry into a S\$320 million committed unsecured loan facility

On 8 March 2021, the ESR-LOGOS REIT Manager announced that the ESR-LOGOS REIT Trustee has entered into a S\$320 million unsecured loan facility agreement with (i) United Overseas Bank Limited, Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad and the Hongkong and Shanghai Banking Corporation Limited, as mandated lead arrangers and bookrunners, (ii) United Overseas Bank Limited, Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad and The Hongkong and Shanghai Banking Corporation Limited, as original lenders and (iii) United Overseas Bank Limited, as facility agent.

The unsecured loan facility consists of a S\$160 million five-year term loan facility and a S\$160 million four-year revolving loan facility. The proceeds of these facilities will be applied towards general corporate funding purposes, including but not limited to: (a) the refinancing of existing indebtedness, (b) funding further asset acquisitions, enhancements and improvement of assets owned by ESR-LOGOS REIT and its Subsidiaries, and (c) other general working capital purposes.

The final maturity dates of the term loan facility and the revolving loan facility are, from their first utilisation date, 60 months and 48 months respectively.

## **6. INSURANCE**

The properties held by ESR-LOGOS REIT are insured in accordance with industry practice in Singapore. Insurance policies cover buildings from physical loss, damage and destruction and consequential loss arising from business interruption, terrorism and public liability. There are no significant or unusual excess or deductible amounts required under these policies.

There are, however, certain types of risk that are not covered by such insurance policies, including acts of war, environmental damage and breaches of environmental laws and regulations. Master lessors are also required to take up insurance against loss of rents and public liability insurance.

## THE ESR-LOGOS REIT TRUSTEE

*The section headed "The ESR-REIT Trustee" of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

The trustee of ESR-LOGOS REIT is RBC Investor Services Trust Singapore Limited. RBC Investor Services Trust Singapore Limited is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act 2005 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at 31 December 2021, RBC Investor Services Trust Singapore Limited has a paid-up capital of S\$6.0 million. RBC Investor Services Trust Singapore Limited's registered office is located in Singapore at 8 Marina View, #26-01 Asia Square Tower 1, Singapore 018960.

On 14 April 2022, RBC Investor Services Trust Singapore Limited entered into a deed of retirement and appointment of trustee with the ESR-LOGOS REIT Manager and Perpetual (Asia) Limited, whereby RBC Investor Services Trust Singapore Limited will retire as trustee of ESR-LOGOS REIT and Perpetual (Asia) Limited will be appointed by the ESR-LOGOS REIT Manager as trustee of ESR-LOGOS REIT. The retirement of RBC Investor Services Trust Singapore Limited and the appointment of Perpetual (Asia) Limited are expected to take effect on the date on which the conditions precedent set out in the DORA are fulfilled or such other date as the parties thereto may agree in writing.

The ESR-LOGOS REIT Trustee is independent of the ESR-LOGOS REIT Manager.

### Powers, Duties and Obligations of the ESR-LOGOS REIT Trustee

The ESR-LOGOS REIT Trustee's powers, duties and obligations are set out in the ESR-LOGOS REIT Trust Deed. The powers and duties of the ESR-LOGOS REIT Trustee include:

- acting as trustee of ESR-LOGOS REIT and, in such capacity, safeguarding the rights and interests of the Unitholders;
- holding the assets of ESR-LOGOS REIT on the trusts contained in the ESR-LOGOS REIT Trust Deed for the benefit of the Unitholders; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of ESR-LOGOS REIT.

The ESR-LOGOS REIT Trustee has covenanted in the ESR-LOGOS REIT Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the ESR-LOGOS REIT Trustee may (on the recommendation of the ESR-LOGOS REIT Manager) and subject to the provisions of the ESR-LOGOS REIT Trust Deed, acquire or dispose of any real property, borrow and encumber any asset.

The ESR-LOGOS REIT Trustee may, subject to the provisions of the ESR-LOGOS REIT Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and
- on the recommendation of the ESR-LOGOS REIT Manager, any real estate agents or managers, including a related party of the ESR-LOGOS REIT Manager, in relation to the management, development, leasing, purchase or sale of any real estate assets and real estate-related assets.

Although the ESR-LOGOS REIT Trustee may borrow money and obtain other financial accommodation for the purposes of ESR-LOGOS REIT, both on a secured and unsecured basis, the ESR-LOGOS REIT Manager must not direct the ESR-LOGOS REIT Trustee to incur a liability if to do so would mean that ESR-LOGOS REIT's total borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or in Units) would exceed the limit stipulated by MAS based on the value of Deposited Property at the time the borrowing is incurred.

The ESR-LOGOS REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the ESR-LOGOS REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other relevant laws. It must retain ESR-LOGOS REIT's assets, or cause ESR-LOGOS REIT's assets to be retained, in safe custody and cause ESR-LOGOS REIT's accounts to be audited. It may appoint valuers to value the real estate assets and real estate-related assets of ESR-LOGOS REIT.

The ESR-LOGOS REIT Trustee is not personally liable to a Unitholder in connection with the office of the ESR-LOGOS REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the ESR-LOGOS REIT Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the ESR-LOGOS REIT Trustee shall be limited to the assets of ESR-LOGOS REIT over which the ESR-LOGOS REIT Trustee has recourse, provided that the ESR-LOGOS REIT Trustee has acted without fraud, gross negligence, wilful default, breach of the ESR-LOGOS REIT Trust Deed or breach of trust. The ESR-LOGOS REIT Trust Deed contains certain indemnities in favour of the ESR-LOGOS REIT Trustee under which it will be indemnified out of the assets of ESR-LOGOS REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

#### Retirement and Removal of the ESR-LOGOS REIT Trustee

The ESR-LOGOS REIT Trustee may retire or be removed under the following circumstances:

- the ESR-LOGOS REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new ESR-LOGOS REIT Trustee (such appointment to be made in accordance with the provisions of the ESR-LOGOS REIT Trust Deed); and
- the ESR-LOGOS REIT Trustee may be removed by notice in writing to the ESR-LOGOS REIT Trustee by the ESR-LOGOS REIT Manager:
  - if the ESR-LOGOS REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the ESR-LOGOS REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the ESR-LOGOS REIT Trustee;
  - if the ESR-LOGOS REIT Trustee ceases to carry on business;
  - if the ESR-LOGOS REIT Trustee fails or neglects after reasonable notice from the ESR-LOGOS REIT Manager to carry out or satisfy any material obligation imposed on the ESR-LOGOS REIT Trustee by the ESR-LOGOS REIT Trust Deed;
  - if the Unitholders by extraordinary resolution duly passed at a meeting of Unitholders held in accordance with the provisions of the ESR-LOGOS REIT Trust Deed, and of which at least 21 days' notice has been given to the ESR-LOGOS REIT Trustee and the ESR-LOGOS REIT Manager, shall so decide; or
  - if MAS directs that the ESR-LOGOS REIT Trustee be removed.

## THE ESR-LOGOS REIT MANAGER

*The section headed “The ESR-REIT Manager” of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited and Cambridge Industrial Trust Management Limited), was incorporated in Singapore under the Companies Act on 14 September 2005. As at 31 December 2021, it has an issued capital of S\$64.7 million and its registered office is located at 8 Changi Business Park Avenue 1 #05-51 ESR BizPark @ Changi (South Tower) Singapore 486018.

### Shareholding

As at 31 December 2021, the shareholders of the ESR-LOGOS REIT Manager are ESR (holding a 67.3% interest in the ESR-LOGOS REIT Manager through its subsidiary, ESR-LOGOS Investment Management Pte. Ltd. (formerly known as ESR Investment Management Pte. Ltd. and Cambridge Real Estate Investment Management Pte. Ltd.)), Shanghai Summit Pte. Ltd. (holding a 25.0% direct interest in the ESR-LOGOS REIT Manager) and Mitsui & Co., Ltd (holding the remaining 7.7% direct interest in the ESR-LOGOS REIT Manager).

#### (i) ESR

ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140.2 billion in total AUM, its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by the Group and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. ESR’s purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

#### (ii) Shanghai Summit Pte. Ltd

Shanghai Summit Pte. Ltd. is an investment holding company that is wholly-owned and controlled by Mr Tong Jinquan.

#### (iii) Mitsui & Co., Ltd

Mitsui & Co., Ltd is one of the largest corporate conglomerates in Japan and is listed on the Tokyo Stock Exchange. Mitsui & Co., Ltd also developed Japan Logistics Fund Inc., a publicly-listed REIT in Japan dedicated to investing in distribution facilities.

## Board of Directors

The Board of Directors of the ESR-LOGOS REIT Manager as at the date of this Supplemental Information Memorandum comprises the following:

<b>Name</b>	<b>Designation</b>
Ms Stefanie Yuen Thio	Independent Non-Executive Chairperson and Member of the Audit, Risk Management and Compliance Committee
Mr Ooi Eng Peng	Non-Executive Director, Deputy Chairman, Member of the Audit, Risk Management and Compliance Committee, Member of the Nominating and Remuneration Committee and Chairman of the Executive Committee
Mr Khor Un-Hun	Independent Non-Executive Director and Chairman of the Audit, Risk Management and Compliance Committee
Dr Leong Horn Kee	Independent Non-Executive Director and Member of the Audit, Risk Management and Compliance Committee
Mr Ronald Lim Cheng Aun	Independent Non-Executive Director, Member of the Audit, Risk Management and Compliance Committee and Chairman of the Nominating and Remuneration Committee
Mr Philip John Pearce	Non-Executive Director and Member of the Executive Committee
Mr Jeffrey David Perlman	Non-Executive Director, Member of the Nominating and Remuneration Committee and Member of the Executive Committee
Mr Tong Jinquan	Non-Executive Director
Mr Wilson Ang Poh Seong	Non-Executive Director
Mr Adrian Chui Wai Yin	CEO and Executive Director and Member of the Executive Committee

## Experience and Expertise of the Board of Directors

The Board of the ESR-LOGOS REIT Manager comprises ten (10) directors (four (4) independent, five (5) non-independent and one (1) executive director). Together, they bring to the Board of the ESR-LOGOS REIT Manager a wide range of industry experience, expertise and knowledge in real estate, asset management, legal, finance and banking and strategic planning. The Board of the ESR-LOGOS REIT Manager is committed to ensuring that the highest standards of corporate governance are practiced in the management of the ESR-LOGOS REIT Manager and ESR-LOGOS REIT. A fundamental part of its responsibility is to protect and enhance Unitholders' value and interests.

Information on the business and working experience of the Directors as at the date of this Supplemental Information Memorandum is set out below:

### **Ms Stefanie Yuen Thio**

*Independent Non-Executive Chairperson and Member of the Audit, Risk Management and Compliance Committee*

Ms Stefanie Yuen Thio is the Joint Managing Partner of TSMP Law Corporation and heads its corporate practice. Admitted to the Singapore Bar in 1994, she has over 27 years of legal experience in mergers and acquisitions, equity capital markets, corporate transactions and regulatory advice. Her clients range from listed corporates to international companies, including

in the logistics industry and REITs. She is regularly named by legal journals as a leading practitioner in her areas of specialisation. Prior to her appointment, she served on the board of ARA Trust Management (CACHE) Limited, manager of Cache Logistics Trust. Ms Yuen Thio was appointed by the Monetary Authority of Singapore to the Corporate Governance Council 2017 to review the Code of Corporate Governance and is a Fellow of the Singapore Institute of Directors. From 2014 to 2017, she was a member of the Expert Panel, Centre for Cross-Border Commercial Law in Asia. She was also a member of the Singapore Governance and Transparency Index Advisory Panel from June 2016 to May 2018. Ms Yuen Thio is a director of the Community Foundation of Singapore, an Institution of Public Character that promotes philanthropy in Singapore.

### **Mr Ooi Eng Peng**

*Deputy Chairman, Member of the Audit, Risk Management and Compliance Committee, Member of the Nominating and Remuneration Committee and Chairman of the Executive Committee*

Mr Ooi has over 34 years of real estate experience in property investment, development, project management and fund investment, and management businesses in both Asia and Australia. Mr Ooi was previously the CEO of Lend Lease Asia, based in Singapore from 2010 to 2011. From 2006 to 2010, he was the CEO of Investment Management and Retail Asia for Lend Lease based in Singapore. Prior to his roles in Asia, he was regional CFO of Lend Lease Communities Asia Pacific (2003 to 2005), Global CFO of Lend Lease Investment Management (2002 to 2003) and CFO of Lend Lease Development (2000 to 2002), all based in Sydney.

### **Mr Khor Un-Hun**

*Independent Non-Executive Director and Chairman of the Audit, Risk Management and Compliance Committee*

Mr Khor Un-Hun was previously the CEO of Keppel Infrastructure Fund Management Pte Ltd, Trustee Manager of Keppel Infrastructure Trust from May 2014 to June 2018, and concurrently Director, Group Mergers and Acquisitions in Keppel Corporation Limited from October 2016 to June 2018.

Prior to joining Keppel, Mr Khor spent most of his career in banking, during which he was involved in a wide range of mergers and acquisitions, financial advisory, capital markets and debt transactions across different sectors throughout Asia. He held various positions in the corporate finance teams of Deutsche Bank and ING Bank in Singapore and Hong Kong before becoming Managing Director and Head of Corporate Finance, Asia at ING Bank, where he oversaw the origination and execution of corporate finance transactions in the region.

### **Dr Leong Horn Kee**

*Independent Non-Executive Director and Member of the Audit, Risk Management and Compliance Committee*

Dr Leong is the Chairman of CapitalCorp Ventures Pte Ltd, a boutique corporate finance advisory company, which he founded in 2009. He was previously with the Far East Organization group from 1993 to 2008, serving as Managing Director of Orchard Parade Holdings Limited, Managing Director and CEO of Yeo Hiap Seng Ltd, and Executive Director of Far East Organization, where he was closely involved in the property development and management. From 1977 to 1983, Dr Leong served in the Ministry of Finance and Ministry of Trade and Industry. He was a Member of Parliament for 22 years until 2006. He was also the Non-Resident Ambassador to Mexico from 2006 to February 2013 and the Non-Resident High Commissioner to Cyprus from July 2014 to July 2021. He is currently the Non-Resident Ambassador to Argentina since September 2020.

**Mr Ronald Lim Cheng Aun**

*Independent Non-Executive Director, Member of the Audit, Risk Management and Compliance Committee and Chairman of the Nominating and Remuneration Committee*

Mr Lim has more than 37 years of experience in the banking and finance industry. Mr Lim was with United Overseas Bank Ltd (UOB) from March 1973 to November 2009 where he last held the appointment of Executive Director and Division Head of Commercial Banking in which the Bank is a leader in the SMEs market. Prior to the above and during his tenure with UOB, Mr Lim had also held leadership appointments as Head of Human Resource and Head of Branches Division where he was involved in the management and development of human capital, its delivery channels and banking services. From November 2009 to October 2011, Mr Lim was an Adviser to RGE Pte Ltd, a resource-based manufacturing group in the paper and pulp, palm oil and the oil and gas industries.

**Mr Philip John Pearce**

*Non-Executive Director and Member of the Executive Committee*

Mr Pearce has extensive real estate experience in the APAC region. He is currently the CEO of ESR Australia where he has been responsible for the establishment of the Group's Australia business. Prior to joining ESR, he established the Goodman Group's business in China, as Managing Director, Greater China where he was responsible for US\$5 billion of assets across Hong Kong and China. Mr Pearce was a Director on the board of the Goodman Group from 1 January 2013 to July 2016.

Mr Pearce was seconded to Ascendas-MGM Pte Ltd the manager of A-REIT from October 2002 to July 2006 where he held the position of portfolio manager.

Prior to joining Goodman, Mr Pearce held various roles at AMP Henderson Global Investors in Sydney including valuation, asset management and fund management.

**Mr Jeffrey David Perlman**

*Non-Executive Director, Member of the Nominating and Remuneration Committee and Member of the Executive Committee*

Mr Perlman is based in Singapore, joined Warburg Pincus in 2006 and leads the firm's investments in Southeast Asia. Additionally, Mr Perlman focuses on real estate investments across the greater APAC region. Prior to joining Warburg Pincus, he worked in the Real Estate Investment Banking Group at Credit Suisse.

He currently serves as the Chairman of ESR (1821.HK) and also serves on the Board of Directors for ESR, the ESR-LOGOS REIT Manager, ARA Asset Management Holdings, Gojek, Lodgis Hospitality Holdings, Mofang Apartments, Nova Property Investment, NWP Retail, Trax Technology Solutions, Online Pajak, Momo, Weave Co-Living Cayman Limited, Asia Self Storage, Circles Asia Cayman Limited, and Princeton Digital Group Limited.

**Mr Tong Jinquan**

*Non-Executive Director*

Mr Tong has more than 20 years of experience in property investment, property development and property management in the People's Republic of China. He is the founder and Chairman of Shanghai Summit (Group) Co., Ltd. and its subsidiaries (the "**Summit Group**") and the Chairman of Shanghai Changfeng Real Estate Development Co., Ltd. Having established the Summit Group in 1994, Mr Tong has been responsible for overseeing the growth of the Summit Group, which holds and operates commercial properties such as hotels, serviced apartments, office buildings and a shopping mall in Shanghai, Shenyang and Chengdu.

**Mr Wilson Ang Poh Seong**

*Non-Executive Director*

Mr Ang has extensive experience in real estate investment trust management, industrial property investment and consultancy services. He was appointed as the Group CEO of OT Group Pte Ltd responsible for steering the growth and strategic direction of the group of companies with businesses spanning across real estate agency, advisory and valuation from November 2019 to July 2021. He is currently the CEO and Executive Director of Raffles Financial Asset Management Pte. Ltd. since August 2021. He co-founded VITM, the manager of VIT in 2012 where he served as the CEO and Executive Director of VITM in steering the growth and enhancing the value of VIT post its successful listing on the SGX-ST in November 2013 until its merger with ESR-REIT in October 2018.

Prior to his roles with VITM, Mr Ang was the Consultant of Asia Industrial Services with Colliers International focusing on Industrial Investment Markets in Singapore and Asia, advising building owners, investors including REITs, private and institution funds on their real estate portfolio as well as servicing their real estate portfolio requirements across Asia. Mr Ang also cofounded Cambridge Industrial Trust Management Limited (“**CITM**”), the manager of Cambridge Industrial Trust (“**CIT**”) in 2005 where he served as the Managing Director (Investment) and became CEO from 2007 to 2009. Prior to co-founding CITM, Mr Ang was the Executive Director and Head of the Industrial Division at Colliers International (Singapore) Pte. Ltd.

**Mr Adrian Chui Wai Yin**

*CEO and Executive Director and Member of the Executive Committee*

Mr Chui has more than 20 years of extensive real estate experience, particularly in the REIT sector, across property investments and divestments, funds management and structuring, capital markets, acquisition financing, mergers and acquisitions, and property research.

Prior to joining the ESR-LOGOS REIT Manager, Mr Chui was responsible for the Southeast Asia real estate business at Standard Chartered Bank. His experience in the REITs and Business Trusts market includes structuring cross border property investments and fund raising for REITs as well as property research. He was formerly with Morgan Stanley Asia (Singapore) Securities Pte Ltd, where he was the lead property research analyst responsible for Singapore listed REITs and property companies. He has also held management roles with CapitaCommercial Trust Management Limited and was part of the pioneer management team at Ascendas Funds Management (S) Limited.

## THE PROPERTY MANAGER

*The section headed “The Property Manager” of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

ESR-LOGOS Property Management (S) Pte Ltd (formerly known as ESR Property Management (S) Pte Ltd) was incorporated in Singapore under the Companies Act on 4 November 2005. As at 31 December 2021, it has an issued capital of S\$250,000 and its registered office is located at 8 Changi Business Park Avenue 1 #05-51 ESR BizPark @ Changi (South Tower) Singapore 486018.

As at 31 December 2021, ESR holds an indirect interest of 100% in the Property Manager.

### Board of Directors

The Board of Directors of the Property Manager as at the date of this Supplemental Information Memorandum comprise the following:

Name	Designation
Mr Jeffrey David Perlman	Director
Mr Jeffrey Shen Jinchu	Director
Mr Cho Wee Peng	Director
Mr Steven Leow Chye Teck	Director

### Experience and Expertise of the Board of Directors

Information on the business and working experience of Mr Jeffrey David Perlman is set out in the section titled “The ESR-LOGOS REIT Manager – Experience and Expertise of the Board of Directors”.

#### **Mr Jeffrey Shen Jinchu**

Non-Executive Director

Appointed as Director in 2016 and re-designated as Executive Director in February 2019, Mr Shen has been the co-CEO of ESR since June 2011 and was also a co-founder of e-Shang. He is responsible for overseeing the ESR Group’s overall operations and business development, leading regional growth strategies, and expanding the ESR Group’s asset and fund management platforms. Mr Shen has over 20 years of industrial real estate experience in the PRC. Prior to co-founding ESR, he was previously Senior Vice President at GLP Investment Management (China) Co. Ltd. (formerly Prologis China); and the deputy director in DTZ Debenham Tie Leung International Property Advisers. Mr Shen was also a director of ESR-LOGOS REIT Manager, from January 2017 to January 2019.

#### **Mr Cho Wee Peng**

Non-Executive Director

Mr Cho Wee Peng has been the Group CFO of ESR since December 2016, and is responsible for all aspects of the Group’s financial management. He has over 25 years of experience in finance with international and regional companies in Asia. He was the CFO of SATS Ltd. which is listed on the SGX-ST. He previously held various treasury roles with Dow Chemical in the United States and APAC.

**Mr Steven Leow Chye Teck**

Non-Executive Director

Mr Leow was Head of Property Services with the Property Manager. He reported to the CEO and oversees the property management functions where he was responsible for optimising the performance of the ESR-LOGOS REIT's properties under his charge. Mr Leow has more than 28 years of experience in estate and asset management.

Prior to joining the Property Manager, Mr Leow was the Head of Property Management with Ascendas Services and Soilbuild Group Holdings, where he managed the operations and technical services of more than 100 buildings across Singapore. In his capacity as the Head of Property Management, he has provided leadership expertise in strategic leasing, marketing, operations and project management services.

## SINGAPORE TAXATION

*The section headed “Singapore Taxation” of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS and IRAS in force as at the date of this Supplemental Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Supplemental Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Perpetual Securities or of any person acquiring, selling or otherwise dealing with the Perpetual Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Perpetual Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Perpetual Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Perpetual Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, purchase, ownership of or disposal of the Perpetual Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers and any other persons involved in the issue and offering of the Perpetual Securities and accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of the Perpetual Securities.*

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA or any distribution payment under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

### **1. Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%, and the applicable rate for non-resident individuals is currently 22.0%, and is proposed to be increased to 24.0% from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore taxation disclosure have the same meaning as defined in the ITA.

From the time of establishment of the Programme to 30 March 2016, the Programme as a whole was arranged by Australia and New Zealand Banking Group Limited (Singapore Branch), which was a Financial Sector Incentive (Bond Market) (“**FSI-BM**”) Company (as defined in the ITA) at such time. Australia and New Zealand Banking Group Limited (Singapore Branch) has resigned as the arranger under such Programme with effect from

30 March 2016, and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch has been appointed as the sole arranger under the Programme and is a Financial Sector Incentive (Capital Market) (“**FSI-CM**”) Company, Financial Sector Incentive (Standard Tier) (“**FSI-ST**”) Company or FSI-BM Company (as defined in the ITA) at such time.

On the basis that the Programme as a whole was arranged by an FSI-BM Company prior to 1 January 2014 and by an FSI-BM, FSI-CM or FSI-ST Company thereafter, any tranche of the Perpetual Securities (the “**Relevant Tranche of Perpetual Securities**”) issued as debt securities under the Programme during the period from the date of this Supplemental Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (1) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Tranche of Perpetual Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Tranche of Perpetual Securities as the MAS may require and the inclusion by the relevant Issuer in all offering documents relating to the Relevant Tranche of Perpetual Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Tranche of Perpetual Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Tranche of Perpetual Securities using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Tranche of Perpetual Securities paid by the relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Tranche of Perpetual Securities are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (2) subject to certain conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Tranche of Perpetual Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Tranche of Perpetual Securities as the MAS may require), Qualifying Income from the Relevant Tranche of Perpetual Securities paid by the relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (1) above, is subject to income tax at a concessionary rate of 10.0% (except for holders who have been granted the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (3) subject to:
  - (aa) the relevant Issuer including in all offering documents relating to the Relevant Tranche of Perpetual Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Tranche of Perpetual Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for the Relevant Tranche of Perpetual Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Tranche of Perpetual Securities as the MAS may require,

payments of Qualifying Income derived from the Relevant Tranche of Perpetual Securities are not subject to withholding of tax by the relevant Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Tranche of Perpetual Securities, the Relevant Tranche of Perpetual Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Tranche of Perpetual Securities is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the ESR-LOGOS REIT Manager, such Relevant Tranche of Perpetual Securities would not qualify as QDS; and
- (B) even though a particular tranche of the Relevant Tranche of Perpetual Securities is QDS, if, at any time during the tenure of such tranche of Relevant Tranche of Perpetual Securities, 50.0% or more of such Relevant Tranche of Perpetual Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer or the ESR-LOGOS REIT Manager, Qualifying Income derived from such Relevant Tranche of Perpetual Securities held by:
  - (I) any related party of the relevant Issuer or the ESR-LOGOS REIT Manager; or
  - (II) any other person where the funds used by such person to acquire such Relevant Tranche of Perpetual Securities are obtained, directly or indirectly, from any related party of the relevant Issuer or the ESR-LOGOS REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0% as described above.

The term “**related party**”, in relation to a person (“**A**”), means any other person who, directly or indirectly, controls A, or is controlled, directly or indirectly, by A, or where A and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Tranche of Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Tranche of Perpetual Securities using the funds of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the relevant Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Tranche of Perpetual Securities without deduction or withholding of tax under Sections 45 or 45A of the ITA, any person whose Qualifying Income derived from such Relevant Tranche of Perpetual Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

## 2. Taxation Relating to Payments on the Perpetual Securities

### A. *Singapore tax classification of hybrid instruments*

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the e-Tax Guide: Income Tax Treatment of Hybrid Instruments (Second Edition) on 21 October 2019 (the “**Hybrid Instruments e-Tax Guide**”) which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

- (a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;
- (b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

- (i) nature of interest acquired;
  - (ii) investor’s right to participate in issuer’s business;
  - (iii) voting rights conferred by the instrument;
  - (iv) obligation to repay the principal amount;
  - (v) payout;
  - (vi) investor’s right to enforce payment;
  - (vii) classification by other regulatory authority; and
  - (viii) ranking for repayment in the event of liquidation or dissolution;
- (c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and
  - (d) if a hybrid instrument issued by a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are taxable in the hands of the instrument holders being returns on investments, regardless of the underlying receipts from which the distributions are made by the REIT. No deduction will be allowed to the issuer of such instrument in respect of distributions paid to investors.

In the event that the Relevant Tranche of Perpetual Securities is characterised as debt instruments for Singapore income tax purposes, payments of distributions (including Optional Distributions) should be regarded as interest payments. Accordingly, please see the section “Interest and Other Payments” on the Singapore income tax treatment that may be applicable on the distributions (including Optional Distributions) in respect of such Perpetual Securities. In this regard, where interest (including distributions which are regarded as interest), discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from such Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest), discount income, prepayment fee, redemption premium or break cost derived from such Perpetual Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

In the event that the Relevant Tranche of Perpetual Securities which is issued by the ESR-LOGOS REIT Issuer is characterised as equity instruments for Singapore income tax purposes and the distributions are to be treated as return on investments in the hands of the holders of such Perpetual Securities, the payment of such distributions may be taxable in the hands of the holders of such Perpetual Securities, regardless of the underlying receipts from which the distributions are made by the ESR-LOGOS REIT Issuer.

#### ***B. Application for Tax Ruling***

The ESR-LOGOS REIT Issuer intends to apply to the IRAS for an advance tax ruling to confirm the classification of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of distributions (including Optional Distributions) in respect of the Perpetual Securities. The ESR-LOGOS REIT Issuer will provide details of the tax ruling issued by the IRAS on the ESR-LOGOS REIT website at <https://www.esr-logosreit.com.sg/> or via an announcement shortly after the receipt of the tax ruling.

### **3. Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Perpetual Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Perpetual Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Perpetual Securities who apply or are required to apply Singapore Financial Reporting Standard 39 (“**FRS 39**”), Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“**SFRS(I) 9**”) (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Perpetual Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes”.

#### **4. Adoption of FRS 39, FRS 109 or SFRS(I) 9 treatment for Singapore income tax purposes**

Subject to certain “opt-out” provisions, Section 34A of the ITA requires taxpayers who adopt or are required to adopt FRS 39 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 39, subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” to provide guidance on the Singapore income tax treatment of financial instruments.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who adopt or who are required to adopt FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions provided in that section. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Perpetual Securities who may be subject to the tax treatment under the FRS 39 tax regime, FRS 109 tax regime or the SFRS(I) 9 tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Perpetual Securities.

#### **5. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## SUBSCRIPTION, PURCHASE AND DISTRIBUTION

*The section headed "Subscription, Purchase and Distribution" on pages 199 to 201 of the Information Memorandum shall be supplemented with the following:*

### **European Economic Area and United Kingdom**

Each Joint Lead Manager has represented and agreed that no offers or sales of the Perpetual Securities will be made in, or to any person domiciled in, or having their registered office located in, any member of the European Economic Area or in the United Kingdom.

*The sub-section entitled "Subscription, Purchase and Distribution – Singapore" on page 200 of the Information Memorandum shall be deleted in its entirety and replaced with the following:*

### **Singapore**

Each Joint Lead Manager acknowledges that the Information Memorandum and this Supplemental Information Memorandum have not been and will not be registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Perpetual Securities or caused the Perpetual Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Perpetual Securities or cause such Perpetual Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum, this Supplemental Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Perpetual Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Perpetual Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

# PRICING SUPPLEMENT RELATING TO THE PERPETUAL SECURITIES

Pricing Supplement



**NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS AMENDED OR MODIFIED FROM TIME TO TIME:** The Perpetual Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (FSMA) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED**  
(in its capacity as trustee of  
**ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust))**  
as Issuer

ESR-MTN PTE. LTD.

RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED  
(in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT  
and Cambridge Industrial Trust))

S\$750,000,000 Multicurrency Debt Issuance Programme

SERIES NO: 008

TRANCHE NO: 001

S\$[●] [●] per cent. Subordinated Perpetual Securities

Issue Price: [●] per cent.

DBS Bank Ltd.  
Oversea-Chinese Banking Corporation Limited  
United Overseas Bank Limited

Issuing and Paying Agent  
British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

The date of this Pricing Supplement is [●] 2022.

This Pricing Supplement relates to the Tranche of Perpetual Securities referred to above.

This Pricing Supplement, under which the Perpetual Securities described herein (the “**Perpetual Securities**”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 12 September 2019 issued in relation to the S\$750,000,000 Multicurrency Debt Issuance Programme of ESR-MTN Pte. Ltd. and RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust)) (the “**Issuer**”) as supplemented by the Supplemental Information Memorandum dated [●] 2022 issued in relation to the Perpetual Securities (together, the “**Information Memorandum**”). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Perpetual Securities will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Perpetual Securities or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

An advance tax ruling will be requested from the Inland Revenue Authority of Singapore (“**IRAS**”) to confirm whether the IRAS would regard the Perpetual Securities as equity or debt securities for the purposes of the Income Tax Act 1947 of Singapore (the “**Income Tax Act**”) and the tax treatment of distributions in respect of the Perpetual Securities, as set out in the section “Singapore Taxation” of the Information Memorandum.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them. Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Perpetual Securities.

*The following language applies if the IRAS regards the Perpetual Securities as “debt securities” and falling within the ambit of “qualifying debt securities” for the purposes of the Income Tax Act:*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities available (subject to certain conditions) under the Income Tax Act shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

**RBC INVESTOR SERVICES TRUST SINGAPORE LIMITED (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT))**

(as Issuer)

Signed: \_\_\_\_\_  
Authorised Signatory

Signed: \_\_\_\_\_  
Authorised Signatory

The terms of the Perpetual Securities and additional provisions relating to their issue are as follows:

1. Issuer: RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust))
2. Guarantor: Not Applicable
3. Series No.: 008
4. Tranche No.: 001
5. Currency: Singapore dollars (**S\$**)
6. Principal Amount of Series: S\$[●]
7. Principal Amount of Tranche: S\$[●]
8. Denomination Amount: S\$250,000
9. Calculation Amount (if different from Denomination Amount): Not Applicable
10. Issue Date: [●] 2022
11. Redemption Amount (including early redemption): Denomination Amount
12. Status of the Perpetual Securities: Subordinated
13. Distribution Basis: Fixed Rate
14. Distribution Commencement Date: [●] 2022
15. **Fixed Rate Perpetual Security**
  - (a) Day Count Fraction: Actual/365 (Fixed)
  - (b) Distribution Payment Date(s): The dates falling on [●] and [●] in each year
  - (c) Initial Broken Amount: Not Applicable
  - (d) Final Broken Amount: Not Applicable
  - (e) Distribution Rate: From (and including) the Distribution Commencement Date to (but excluding) the First Reset Date, [●] per cent. per annum (the **Initial Distribution Rate**) and, from (and including) the First Reset Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, at the Reset Distribution Rate calculated in accordance with Conditions 3(I)(b) and 3(I)(c), payable semi-annually in arrear.
  - (f) First Reset Date: [●]
  - (g) Reset Date: Subject to Condition 3(V), the First Reset Date and each date falling every five calendar years after the First Reset Date.

For the avoidance of doubt, notwithstanding any adjustment to any Original Reset Date (as defined in Condition 3(V)) in accordance with Condition 3(V), the immediately following Reset Date shall fall on the date falling five calendar years after such Original Reset Date, and not the Adjusted Reset Date (as defined in Condition 3(V)).

- (h) Step-Up Margin: Not Applicable
- (i) Step-Up Date: Not Applicable
- (j) Initial Spread: [●] per cent. per annum
- (k) Reset Period: Subject to Condition 3(V), five calendar years, being the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date.
- (l) Relevant Rate: 5-year SORA-OIS, where:
- 5-year SORA-OIS** means (a) the rate in per cent. per annum notified by the Agent Bank to the Issuer which appears on the “OTC SGD OIS” page on Bloomberg under “BGN” appearing under the column headed “Ask” (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time as determined by an independent financial institution (which is appointed by the Issuer and notified to the Agent Bank)) for a period of five years published at the close of business on the second business day prior to the relevant Reset Date (the **Reset Determination Date**); or (b) in the event that a Benchmark Event has occurred in relation to the “5-year SORA OIS”, such rate as determined in accordance with Condition 3(V).
- For the avoidance of doubt, in the event such rate is zero or negative, SORA-OIS shall be deemed to be zero per cent. per annum.
- Further details specified in the Annex to this Pricing Supplement.
- (m) Reference Banks: Not Applicable

16. **Distribution Discretion**
- (a) Optional Payment: Applicable
- (b) Cumulative Deferral: Not Applicable
- (c) Non-Cumulative Deferral: Applicable
- (d) Additional Distribution: Not Applicable
- (e) Dividend Pusher: Not Applicable
- (f) Dividend Stopper: Applicable
17. **Floating Rate Perpetual Security** Not Applicable
18. Issuer's Redemption Option Yes
- Issuer's Redemption Option Period (Condition 4(b)): The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on [●] and every Distribution Payment Date thereafter on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable)
19. Redemption for Taxation Reasons: Yes  
(Condition 4(c)): The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable)
20. Redemption for Accounting Reasons: Yes  
(Condition 4(d)): The Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable)
21. Redemption for Tax Deductibility: Yes  
(Condition 4(e)): The Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable)
22. Redemption for in the case of Minimal Outstanding Amount: Yes  
(Condition 4(f)): The Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable)
23. Redemption upon a Regulatory Event: Yes  
(Condition 4(g)):

24.	Redemption upon a Ratings Event: (Condition 4(h)):	No
25.	Perpetual Securities to be represented on issue by:	Permanent Global Security
26.	Temporary Global Security exchangeable for Definitive Securities:	Not Applicable
27.	Temporary Global Security exchangeable for Permanent Global Security:	Not Applicable
28.	Applicable TEFRA exemption:	C Rules
29.	Listing:	Singapore Exchange Securities Trading Limited
30.	ISIN Code:	To be obtained
31.	Common Code:	To be obtained
32.	Clearing System(s):	The Central Depository (Pte) Limited
33.	Depository:	The Central Depository (Pte) Limited
34.	Delivery:	Delivery free of payment
35.	Method of issue of Perpetual Securities:	Syndicated
36.	The following Dealer(s) is subscribing for the Perpetual Securities:	DBS Bank Ltd. Oversea-Chinese Banking Corporation Limited United Overseas Bank Limited
37.	The aggregate principal amount of Perpetual Securities issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Perpetual Securities not denominated in Singapore dollars):	Not Applicable
38.	Use of proceeds:	The net proceeds arising from the issue of the Perpetual Securities (after deducting issue expenses) will be used for the purpose of financing of the cash consideration of the merger of ESR-LOGOS REIT (formerly known as ESR-REIT and Cambridge Industrial Trust) and ARA LOGOS Logistics Trust (the “ <b>ALOG Merger</b> ”), refinancing the existing borrowings of the Group, financing or refinancing the acquisitions and/or investments of ESR-LOGOS REIT (including the ALOG Merger) and any development and asset enhancement works initiated by ESR-LOGOS REIT, financing general working capital and capital expenditure requirements of the Group.
39.	Private Bank Rebate:	Applicable, 0.25 per cent.

40. Other terms:

Details of any additions or variations to terms and conditions of the Perpetual Securities as set out in the Information Memorandum: Please refer to Annex 1

Any additions or variations to the selling restrictions: Not Applicable

## Annex 1

Condition 3(V)(iii) of the terms and conditions of the Perpetual Securities shall be deleted in its entirety and replaced with the following:

“(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Benchmark for each of the future Reset Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(V)); provided, however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Reset Determination Date in respect of a Reset Date (the “**Original Reset Date**”), the Reset Distribution Rate applicable to the next succeeding Distribution Period falling immediately after the Original Reset Date shall be equal to the Reset Distribution Rate last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Reset Distribution Rate shall be the initial Distribution Rate). The foregoing shall apply to the relevant next Distribution Period falling immediately after the Original Reset Date only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustments as provided in this Condition 3(V), and such relevant Reset Date shall be adjusted so that it falls on the Distribution Payment Date immediately after the Original Reset Date (the “**Adjusted Reset Date**”). For the avoidance of doubt, this paragraph shall apply, *mutatis mutandis*, to each Adjusted Reset Date until the Benchmark Replacement is determined in accordance with this Condition 3(V);”

A new Condition 9A shall be inserted below the existing Condition 9 in the terms and conditions of the Perpetual Securities as follows:

### “9A. Substitution in respect of the ESR-LOGOS REIT Trustee

- (a) The Issuer may substitute in place of RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT) (or of the previous substitute under this Condition 9A) as the principal debtor under the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents another company being appointed as the replacement or substitute trustee of ESR-LOGOS REIT (such substituted company being hereinafter called the “**New ESR-LOGOS REIT Trustee**”) in accordance with the terms of the ESR-LOGOS REIT Trust Deed, provided that relevant accession or supplemental agreements or deeds are executed or some other form of undertaking is given by the New ESR-LOGOS REIT Trustee, agreeing to be bound by the provisions of the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents as fully as if the New ESR-LOGOS REIT Trustee had been named in the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents as the principal debtor in place of the Issuer (or of the previous substitute under this Condition 9A) and provided further that the Trustee shall be provided with evidence to its reasonable satisfaction that the appointment of the New ESR-LOGOS REIT Trustee has been completed in accordance with the terms of the ESR-LOGOS REIT Trust Deed, including a copy of the deed supplemental to the ESR-LOGOS REIT Trust Deed providing for such appointment, and a confirmation from the ESR-LOGOS REIT Manager that the Deposited Property (as defined in the ESR-LOGOS REIT Trust Deed) has been vested in the New ESR-LOGOS REIT Trustee.
- (b) The following further conditions shall apply to Condition 9A(a) above:
- (i) where the New ESR-LOGOS REIT Trustee is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to Singapore or any authority thereof or therein having power to tax as set out in these Conditions, undertakings or covenants shall be given by the New ESR-LOGOS REIT Trustee in terms corresponding to the provisions of Condition 6 with the substitution for (or, as the case may be, the addition to) the references to Singapore or any authority

thereof or therein having power to tax set out in these Conditions of references to that other or additional territory in which the New ESR-LOGOS REIT Trustee is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Conditions 4(c) and 6 shall be modified accordingly; and

- (ii) the Trustee shall be entitled to seek (at the expense of the Issuer) such legal or professional advice in connection with any proposed substitution of a principal debtor under this Condition 9A as it shall in its opinion deem necessary or desirable in all circumstances.
- (c) The Issuer shall procure to be delivered to the Trustee a certificate signed by duly authorised signatories of the ESR-LOGOS REIT Manager stating that the appointment of the New ESR-LOGOS REIT Trustee has been completed in accordance with the terms of the ESR-LOGOS REIT Trust Deed and that the conditions set out in this Condition 9A for the substitution of ESR-LOGOS REIT Trustee (or of any previous substitute) have been complied with and the Trustee shall be entitled to accept the certificate as sufficient evidence of the conditions precedent set out above.
- (d) Any such accession or supplemental agreement, trust deed, deed or undertaking shall, if so expressed, operate to release the Issuer (or the previous substitute under this Condition 9A) from all of its obligations as principal debtor under the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents. Not later than 14 days after the execution of such documents and compliance with such requirements, the New ESR-LOGOS REIT Trustee shall give notice thereof in a form previously approved by the Trustee to the Perpetual Securityholders in the manner provided in Condition 13. Upon the execution of such documents and compliance with such requirements, the New ESR-LOGOS REIT Trustee shall be deemed to be named in the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents as the principal debtor in place of RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT) (or in place of the previous substitute under this Condition 9A) under the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents, and the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents shall be deemed to be modified in such manner as shall be necessary to give effect to the above provisions and, without limitation, references in the Trust Deed, the Agency Agreement, the Perpetual Securities, the Coupons and any other relevant Issue Documents to RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT) and/or the ESR-LOGOS REIT Trustee and/or the Issuer (or such previous substitute) shall, unless the context otherwise requires, be deemed to be or include references to the New ESR-LOGOS REIT Trustee.
- (e) The Trustee shall not be under any duty to have regard to the financial condition, profits or prospects of the New ESR-LOGOS REIT Trustee or to compare the same with those of the Issuer or the previous substitute under this Condition 9A as applicable.
- (f) For the avoidance of doubt:
  - (i) any substitution of the existing ESR-LOGOS REIT Trustee with the New ESR-LOGOS REIT Trustee in accordance with this Condition 9A relates only to any such substitution of principal debtor in relation to the S\$[●] [●] per cent. Subordinated Perpetual Securities only;
  - (ii) any substitution of the existing ESR-LOGOS REIT Trustee with the New ESR-LOGOS REIT Trustee in accordance with this Condition 9A shall not require any approval by Perpetual Securityholders; and
  - (iii) nothing in this Condition 9A shall restrict the operation of paragraph 2(h) of Schedule 9 of the Trust Deed in connection with any substitution which has not been made in accordance with this Condition 9A.”

## GENERAL AND OTHER INFORMATION

### INFORMATION ON DIRECTORS

1. No Director of the ESR-LOGOS REIT Manager is or was involved in any of the following events:
  - (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
  - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
  - (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
2. As at the date of this Supplemental Information Memorandum, no option to subscribe for shares in, or debentures of, ESR-LOGOS REIT has been granted to, or was exercised by, any Director of the ESR-LOGOS REIT Manager.
3. Save as disclosed in Appendices II and III of this Supplemental Information Memorandum, no Director of the ESR-LOGOS REIT Manager is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, ESR-LOGOS REIT or any of its subsidiaries, within the two years preceding the date of this Supplemental Information Memorandum (other than for any transaction the value of which is below S\$100,000).

### SHARE CAPITAL

4. As at the date of this Supplemental Information Memorandum, there is only one class of units in ESR-LOGOS REIT. The rights and privileges attached to the units of ESR-LOGOS REIT are stated in the ESR-LOGOS REIT Trust Deed.

### BORROWINGS

5. As at 31 December 2021, all the borrowings or indebtedness in the nature of borrowings of ESR-LOGOS REIT are as disclosed in Appendix III to this Supplemental Information Memorandum.

### WORKING CAPITAL

6. The ESR-LOGOS REIT Manager is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Perpetual Securities, ESR-LOGOS REIT will have adequate working capital for its present requirements.

## **CHANGES IN ACCOUNTING POLICIES**

7. Save as disclosed in Appendix III, there has been no significant change in the accounting policies of ESR-LOGOS REIT since its audited consolidated financial statements for the financial year ended 31 December 2021.

## **LITIGATION**

8. There are no legal or arbitration proceedings pending or, so far as the ESR-LOGOS REIT Manager is aware, threatened against the Issuer, ESR-LOGOS REIT or any of their respective subsidiaries the outcome of which, in the opinion of the ESR-LOGOS REIT Manager, may have or have had during the 12 months prior to the date of this Supplemental Information Memorandum a material adverse effect on the financial position of the Issuer, ESR-LOGOS REIT or the Group.

## **MATERIAL ADVERSE CHANGE**

9. Save as disclosed in this Supplemental Information Memorandum, there has been no material adverse change in the financial condition or business of ESR-LOGOS REIT or the Group since 31 December 2021.

## **CONSENTS**

10. Ernst & Young LLP, auditors of the Group have given and have not withdrawn their written consent to be named in this Supplemental Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Supplemental Information Memorandum.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

11. Copies of the following documents may be inspected, with prior appointments, at the registered office of the ESR-LOGOS REIT Manager during normal business hours for a period of six months from the date of this Supplemental Information Memorandum:
  - (a) the ESR-LOGOS REIT Trust Deed;
  - (b) the Trust Deed;
  - (c) the audited financial statements of ESR-LOGOS REIT for the financial year ended 31 December 2020;
  - (d) the audited financial statements of ESR-LOGOS REIT for the financial year ended 31 December 2021; and
  - (e) the unaudited pro forma consolidated financial information of the Enlarged Trust for the financial year ended 31 December 2021.
12. Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant (as defined in the Trust Deed) are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

13. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
ESR-LOGOS REIT (FORMERLY KNOWN AS ESR-REIT  
AND CAMBRIDGE INDUSTRIAL TRUST)  
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2020**

The information in this Appendix II has been extracted and reproduced from the audited consolidated financial statements of ESR-LOGOS REIT and its Subsidiaries for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

**Note:** Page references included in the audited consolidated financial statements of ESR-LOGOS REIT and its Subsidiaries for the financial year ended 31 December 2020 set forth in this Appendix refer to pages in such audited consolidated financial statements as they appear in the Group's annual report for the financial year ended 31 December 2020.

# Independent Auditor's Report to Unitholders of ESR-REIT

For the financial year ended 31 December 2020

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of ESR-REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated investment properties portfolio statement of the Group and the statement of financial position and investment properties portfolio statement of the Trust as at 31 December 2020, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the consolidated financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2020 and the consolidated financial performance, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the financial performance and movements in unitholders' funds of the Trust for the year then ended on that date.

### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# Independent Auditor's Report to Unitholders of ESR-REIT

For the financial year ended 31 December 2020

## ***Key audit matters (continued)***

### Valuation of investment properties

As at 31 December 2020, the carrying value of investment properties amounted to \$3.12 billion. These investment properties are stated at their fair values based on independent external valuations and represent the single largest asset category of the Group.

The valuation of investment properties is considered as a key audit matter because it requires significant judgement in the determination of the appropriate valuation methodology and in deciding on the assumptions and estimates that are to be applied in the valuation. The valuation of the investment properties is highly sensitive to the key assumptions applied and a small change in the key assumptions can have a significant impact on the valuations. As a result of the ongoing COVID-19 pandemic, there is heightened estimation uncertainty as the independent valuation reports also highlighted that the values may change more significantly than during normal market conditions and the unknown future impact that COVID-19 may have on the properties and real estate market. Accordingly, we have identified this as a key audit matter.

We have assessed the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and the review of the valuation reports issued by the external valuers. We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the valuation methodologies adopted and compared them against those applied by other valuers for similar property types. We tested the key inputs in the projected cash flows and net operating income used in the valuation to supporting key information such as contractual terms of the leases and externally available industry and economic data. We assessed the reasonableness of key assumptions used in the valuations, including market rental growth, price per square metre, terminal yield, capitalisation and discount rates, by comparing them against current and historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures and, when necessary, held discussions with the valuers to understand the effects of additional factors taken into account in the valuations. We also discussed with the valuers on how the impact of COVID-19 have been considered and assessed whether the assumptions and market data used were reasonable in the context of the current environment impacted by COVID-19 pandemic.

We reviewed the appropriateness of the disclosures in Notes 4 and 26 of the financial statements.

## ***Other information***

ESR Funds Management (S) Limited, the Manager of the Trust (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report to Unitholders of ESR-REIT

For the financial year ended 31 December 2020

## ***Responsibilities of the Manager for the financial statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

## ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Independent Auditor's Report to Unitholders of ESR-REIT

For the financial year ended 31 December 2020

### *Auditor's responsibilities for the audit of the financial statements (continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

### **Ernst & Young LLP**

Public Accountants and Chartered Accountants

**Singapore**

18 March 2021

## Statements of Financial Position

As at 31 December 2020

	Notes	Group		Trust	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	3,119,058	3,162,081	1,551,337	1,573,491
Investments in subsidiaries	5	–	–	792,896	844,771
Investment in joint venture	6	38,018	39,806	38,018	43,183
Loans to subsidiaries	7	–	–	613,500	610,500
		3,157,076	3,201,887	2,995,751	3,071,945
<b>Current assets</b>					
Trade and other receivables	8	12,216	11,503	23,492	20,218
Cash and cash equivalents		18,101	15,662	8,556	8,200
		30,317	27,165	32,048	28,418
<b>Total assets</b>		<b>3,187,393</b>	<b>3,229,052</b>	<b>3,027,799</b>	<b>3,100,363</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	9	62,347	46,836	34,124	25,355
Lease liabilities for leasehold land	10	2,770	2,608	2,770	2,608
Interest-bearing borrowings	11	190,467	159,926	190,467	159,926
Derivative financial instruments	13	3,332	–	3,332	–
Amount due to non-controlling interest	12	60,262	61,444	–	–
		319,178	270,814	230,693	187,889
<b>Non-current liabilities</b>					
Trade and other payables	9	19,729	20,000	10,429	10,484
Lease liabilities for leasehold land	10	226,988	225,073	162,867	167,083
Interest-bearing borrowings	11	988,147	1,031,198	988,147	1,031,198
Derivative financial instruments	13	35,246	22,276	35,246	22,276
		1,270,110	1,298,547	1,196,689	1,231,041
<b>Total liabilities</b>		<b>1,589,288</b>	<b>1,569,361</b>	<b>1,427,382</b>	<b>1,418,930</b>
<b>Net assets</b>		<b>1,598,105</b>	<b>1,659,691</b>	<b>1,600,417</b>	<b>1,681,433</b>
Represented by:					
Unitholders' funds		1,446,990	1,508,576	1,449,302	1,530,318
Perpetual securities holders' funds	14	151,115	151,115	151,115	151,115
		1,598,105	1,659,691	1,600,417	1,681,433
<b>Units in issue ('000)</b>	15	<b>3,576,362</b>	<b>3,487,316</b>	<b>3,576,362</b>	<b>3,487,316</b>
<b>Net asset value per Unit (cents)</b>		<b>40.5</b>	<b>43.3</b>	<b>40.5</b>	<b>43.9</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement of Total Return

For the financial year ended 31 December 2020

	Notes	Group	
		2020 \$'000	2019 \$'000
<b>Gross revenue</b>	16	229,924	253,044
Property expenses	17	(65,717)	(65,114)
Net property income		164,207	187,930
Management fees	18	(14,639)	(14,926)
Trust expenses	19	(8,653)	(2,578)
Interest income		17	15
Borrowing costs	20	(45,246)	(51,161)
Finance costs on lease liabilities for leasehold land	10	(11,575)	(10,799)
<b>Net income</b>		84,111	108,481
Gain on disposal of investment property		–	48
Change in fair value of financial derivatives		(16,302)	(6,076)
Change in fair value of investment properties	4	(59,704)	(91,611)
Change in fair value of right-of-use of leasehold land	10	1,629	2,091
Share of results of joint venture	6	3,010	(1,519)
Impairment loss on investment in joint venture	6	–	(1,465)
<b>Total return for the year before income tax</b>		12,744	9,949
Income tax expense	21	(12)	(26)
<b>Total return for the year after income tax</b>		12,732	9,923
<b>Attributable to:</b>			
Unitholders of the Trust and perpetual securities holders		9,689	6,080
Non-controlling interest		3,043	3,843
<b>Total return for the year</b>		12,732	9,923
<b>Earnings per Unit (cents)</b>			
Basic and diluted	22	0.079	(0.025)
<b>Distribution per Unit (cents)</b>	22	2.800	4.011

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Distribution Statement

For the financial year ended 31 December 2020

	Group	
	2020 \$'000	2019 \$'000
Total return after income tax, before distribution for the year	9,689	6,080
Add: Distribution adjustments (Note A)	96,357	117,286
	106,046	123,366
Amount reserved for distributions to perpetual securities holders	(6,919)	(6,900)
<b>Net income available for distribution to Unitholders</b>	<b>99,127</b>	<b>116,466</b>
Distribution from other gains (Note B)	-	16,100
<b>Total amount available for distribution</b>	<b>99,127</b>	<b>132,566</b>
Less: Distributions (Note C)	(69,179)	(102,793)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>29,948</b>	<b>29,773</b>
<b>Note A — Distribution adjustments</b>		
<b>Non-tax deductible/(chargeable) items and other adjustments:</b>		
Management fees paid/payable in Units	5,280	6,491
Property Manager's fees paid/payable in Units	2,051	2,360
Trustee's fees	544	764
Amortisation of transaction costs relating to debt facilities	5,947	6,048
Impairment loss on investment in joint venture	-	1,465
Change in fair value of investment properties	59,704	91,611
Change in fair value of financial derivatives	16,302	6,076
Legal and professional fees	4,800	117
Adjustment for straight line rent and lease incentives	(737)	(1,435)
Share of results of joint venture	(3,010)	1,519
Distributable income from joint venture	4,798	1,858
Gain on disposal of investment property	-	(48)
Miscellaneous expenses	1,443	669
Non-controlling interest share of non-tax deductible items	(812)	-
Rollover adjustment from prior years	47	(209)
<b>Net effect of distribution adjustments</b>	<b>96,357</b>	<b>117,286</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Distribution Statement

For the financial year ended 31 December 2020

### Note B — Distribution from other gains

Distribution from other gains represented the partial payout of the gains from disposal of investment properties in prior years and ex-gratia payments received from Singapore Land Authority in connection with the compulsory acquisitions of land in prior years.

### Note C — Distributions

	Group	
	2020 \$'000	2019 \$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.798 cents per Unit for the period from 1/7/2020 to 30/09/2020	28,274	–
Distribution of 0.662 cents per Unit for the period from 1/4/2020 to 30/6/2020	23,375	–
Distribution of 0.500 cents per Unit for the period from 1/1/2020 to 31/3/2020	17,530	–
Distribution of 1.145 cents per Unit for the period from 1/7/2019 to 13/10/2019	–	38,739
Distribution of 0.059 cents per Unit for the period from 26/6/2019 to 30/6/2019	–	1,994
Distribution of 0.945 cents per Unit for the period from 1/4/2019 to 25/6/2019	–	30,100
Distribution of 1.007 cents per Unit for the period from 1/1/2019 to 31/3/2019	–	31,960
	<u>69,179</u>	<u>102,793</u>
Distribution of 0.855 cents per Unit for the period from 14/10/2019 to 31/12/2019	29,817	–
Distribution of 0.841 cents per Unit for the period from 16/10/2018 to 31/12/2018	–	26,661
	<u>98,996</u>	<u>129,454</u>
Total distributions to Unitholders during the financial year <sup>(1)</sup>		

#### Note:

<sup>(1)</sup> Distributions were partly paid by ESR-REIT issuing an aggregate of 66.0 million Units amounting to \$26.0 million (2019: 8.9 million Units amounting to \$4.6 million), pursuant to the Distribution Reinvestment Plan.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the year</b>	1,508,576	1,479,668	1,530,318	1,751,967
<b>Operations</b>				
Total return/(loss) for the year after tax attributable to Unitholders and perpetual securities holders	9,689	6,080	(9,741)	(244,477)
Less: Amount reserved for distribution to perpetual securities holders	(6,919)	(6,900)	(6,919)	(6,900)
<b>Net increase/(decrease) in net assets resulting from operations</b>	2,770	(820)	(16,660)	(251,377)
<b>Unitholders' transactions</b>				
Management fees paid in Units	8,887	8,380	8,887	8,380
Units issued through Distribution Reinvestment Plan	25,972	4,578	25,972	4,578
Private Placement	-	100,000	-	100,000
Preferential Offering	-	50,039	-	50,039
Equity issue costs pursuant to: (Note 23)				
- Distribution Reinvestment Plan	(399)	(103)	(399)	(103)
- Private Placement	15	(2,156)	15	(2,156)
- Preferential Offering	165	(1,556)	165	(1,556)
Distributions to Unitholders	(98,996)	(129,454)	(98,996)	(129,454)
<b>Net (decrease)/increase in Unitholders' funds resulting from Unitholders' transactions</b>	(64,356)	29,728	(64,356)	29,728
<b>Balance at end of the year</b>	1,446,990	1,508,576	1,449,302	1,530,318
<b>Perpetual Securities Holders' Funds</b>				
<b>Balance at beginning of the year</b>	151,115	151,115	151,115	151,115
Amount reserved for distribution to perpetual securities holders	6,919	6,900	6,919	6,900
Distributions to perpetual securities holders	(6,919)	(6,900)	(6,919)	(6,900)
<b>Balance at end of the year</b>	151,115	151,115	151,115	151,115
<b>Total</b>	1,598,105	1,659,691	1,600,417	1,681,433

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust</b>				
<b>Logistics/Warehousing Properties<sup>(11)</sup></b>				
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	11 <sup>(5)</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 <sup>(6)</sup>	25 Changi South Ave 2 Singapore 486594
160 KALLANG WAY	Leasehold	30+30	12 <sup>(7)</sup>	160 Kallang Way Singapore 349246
3C TOH GUAN ROAD EAST	Leasehold	30+30	30 <sup>(8)</sup>	3C Toh Guan Road East Singapore 608832
4/6 CLEMENTI LOOP	Leasehold	30+30	33 <sup>(9)</sup>	4/6 Clementi Loop Singapore 129810 and 129814
24 JURONG PORT ROAD	Leasehold	30+12	16 <sup>(10)</sup>	24 Jurong Port Road Singapore 619097
3 PIONEER SECTOR 3	Leasehold	30+30	30 <sup>(11)</sup>	3 Pioneer Sector 3 Singapore 628342
15 GREENWICH DRIVE	Leasehold	30	21 <sup>(12)</sup>	15 Greenwich Drive Singapore 534022
<b>Total Logistics/Warehousing Properties held by the Trust</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
100	100	10,400	10,800	0.72	0.72
100	100	12,200	12,700	0.84	0.84
100	100	25,100	25,000	1.73	1.66
76	77	30,500	30,500	2.11	2.02
76	72	39,200	40,200	2.71	2.66
96	81	85,200	81,000	5.89	5.37
99	97	96,200	95,800	6.65	6.35
100	100	96,500	97,100	6.67	6.44
		<b>395,300</b>	<b>393,100</b>	<b>27.32</b>	<b>26.06</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (continued)</b>				
<b>General Industrial Properties<sup>(2)</sup></b>				
70 SELETAR AEROSPACE VIEW	Leasehold	30	21 <sup>(13)</sup>	70 Seletar Aerospace View Singapore 797564
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	18 <sup>(14)</sup>	30 Teban Gardens Crescent Singapore 608927
30 TOH GUAN ROAD	Leasehold	30+30	35 <sup>(16)</sup>	30 Toh Guan Road Singapore 608840
128 JOO SENG ROAD	Leasehold	30+30	31 <sup>(17)</sup>	128 Joo Seng Road Singapore 368356
130 JOO SENG ROAD	Leasehold	30+30	31 <sup>(18)</sup>	130 Joo Seng Road Singapore 368357
136 JOO SENG ROAD	Leasehold	30+30	30 <sup>(19)</sup>	136 Joo Seng Road Singapore 368360
11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	36 <sup>(20)</sup>	11 Serangoon North Avenue 5 Singapore 554809
79 TUAS SOUTH STREET 5	Leasehold	30+30	39 <sup>(21)</sup>	79 Tuas South Street 5 Singapore 637604
<b>Balance carried forward</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
100	100	7,300	9,200	0.50	0.61
100	100	30,500	32,000	2.11	2.12
95	97	58,400	58,500	4.04	3.88
96	86	11,700	12,000	0.81	0.80
100	84	15,300	15,600	1.06	1.03
100	83	12,600	12,800	0.87	0.85
85	76	20,000	20,000	1.38	1.33
100	100	10,700	10,700	0.74	0.71
		<b>166,500</b>	<b>170,800</b>	<b>11.51</b>	<b>11.33</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (continued)</b>				
<b>General Industrial Properties (continued)</b>				
<b>Balance brought forward</b>				
31 TUAS AVENUE 11	Leasehold	30+30	33 <sup>[22]</sup>	31 Tuas Avenue 11 Singapore 639105
1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	40/45 <sup>[23]</sup>	1/2 Changi North Street 2 Singapore 498808/498775
9 TUAS VIEW CRESCENT	Leasehold	30+30	38 <sup>[24]</sup>	9 Tuas View Crescent Singapore 637612
28 SENOKO DRIVE	Leasehold	30+30	19 <sup>[25]</sup>	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 <sup>[26]</sup>	31 Changi South Avenue 2 Singapore 486478
22 CHIN BEE DRIVE	Leasehold	30	15 <sup>[27]</sup>	22 Chin Bee Drive Singapore 619870
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	36 <sup>[47]</sup>	54 Serangoon North Avenue 4 Singapore 555854
2 TUAS SOUTH AVENUE 2	Leasehold	60	38 <sup>[28]</sup>	2 Tuas South Ave 2 Singapore 637601
21B SENOKO LOOP	Leasehold	30+30	32 <sup>[29]</sup>	21B Senoko Loop Singapore 758171
<b>Balance carried forward</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
		<b>166,500</b>	<b>170,800</b>	<b>11.51</b>	<b>11.33</b>
100	100	12,100	12,100	0.84	0.80
100	100	22,400	22,000	1.55	1.46
100	100	10,000	10,000	0.69	0.66
100	100	13,600	13,600	0.94	0.90
100	100	13,200	12,500	0.91	0.83
-	-	14,300	14,600	0.99	0.97
99	100	22,000	23,000	1.52	1.52
100	100	36,700	35,000	2.54	2.32
100	100	27,500	25,900	1.90	1.72
		<b>338,300</b>	<b>339,500</b>	<b>23.39</b>	<b>22.51</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (continued)</b>				
<b>General Industrial Properties (continued)</b>				
<b>Balance brought forward</b>				
60 TUAS SOUTH STREET 1	Leasehold	30	14 <sup>(30)</sup>	60 Tuas South Street 1 Singapore 639925
5/7 GUL STREET 1	Leasehold	29.5	17 <sup>(31)</sup>	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	35 <sup>(32)</sup>	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	46 <sup>(33)</sup>	25 Pioneer Crescent Singapore 628554
11 WOODLANDS WALK	Leasehold	30+30	35 <sup>(34)</sup>	11 Woodlands Walk Singapore 738265
43 TUAS VIEW CIRCUIT	Leasehold	30	17 <sup>(35)</sup>	43 Tuas View Circuit Singapore 637360
13 JALAN TERUSAN	Leasehold	28	14 <sup>(36)</sup>	13 Jalan Terusan Singapore 619293
160A GUL CIRCLE	Leasehold	27	20 <sup>(37)</sup>	160A Gul Circle Singapore 629618
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	38 <sup>(38)</sup>	3 Tuas South Avenue 4 Singapore 637610
8 TUAS SOUTH LANE	Leasehold	30+16	33 <sup>(39)</sup>	8 Tuas South Lane Singapore 637302
120 PIONEER ROAD	Leasehold	30+28	34 <sup>(40)</sup>	120 Pioneer Road Singapore 639597
<b>Balance carried forward</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
		<b>338,300</b>	<b>339,500</b>	<b>23.39</b>	<b>22.51</b>
100	100	4,100	4,500	0.28	0.30
66	48	13,900	14,000	0.96	0.93
100	100	17,300	17,300	1.20	1.15
100	100	16,400	16,400	1.13	1.09
100	100	17,400	17,400	1.20	1.15
100	100	17,400	18,300	1.20	1.21
100	100	25,000	33,000	1.73	2.19
82	35	13,700	15,600	0.95	1.03
100	100	43,000	43,000	2.97	2.85
92	100	103,700	105,000	7.17	6.96
66	71	36,500	36,000	2.52	2.39
		<b>646,700</b>	<b>660,000</b>	<b>44.70</b>	<b>43.76</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (continued)</b>				
<b>General Industrial Properties (continued)</b>				
<b>Balance brought forward</b>				
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	35 <sup>(41)</sup>	45 Changi South Avenue 2 Singapore 486133
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	33/33 <sup>(42)</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736
86/88 INTERNATIONAL ROAD	Leasehold	30+30	34 <sup>(43)</sup>	86/88 International Road Singapore 629176/629177
<b>Total General Industrial Properties held by the Trust</b>				
<b>High-Specs Industrial Properties<sup>(3)</sup></b>				
21/23 UBI ROAD 1	Leasehold	30+30	36 <sup>(44)</sup>	21/23 Ubi Road 1 Singapore 408724/408725
2 JALAN KILANG BARAT	Leasehold	99	42 <sup>(45)</sup>	2 Jalan Kilang Barat Singapore 159346
11 CHANG CHARN ROAD	Leasehold	99	36 <sup>(46)</sup>	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	30 <sup>(48)</sup>	12 Ang Mo Kio Street 65 Singapore 569060
16 TAI SENG STREET	Leasehold	30+30	47 <sup>(15)</sup>	16 Tai Seng Street Singapore 534138
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	29 <sup>(49)</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
<b>Total High-Specs Industrial Properties held by the Trust</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
		<b>646,700</b>	<b>660,000</b>	<b>44.70</b>	<b>43.76</b>
68	46	10,300	11,100	0.71	0.74
59	84	25,600	26,300	1.77	1.74
100	93	39,800	41,800	2.75	2.77
		<b>722,400</b>	<b>739,200</b>	<b>49.93</b>	<b>49.01</b>
83	87	36,400	36,400	2.52	2.41
77	61	28,500	30,000	1.97	1.99
42	75	28,500	29,800	1.97	1.98
91	67	37,600	38,200	2.60	2.53
73	100	58,500	58,500	4.04	3.88
100	100	46,500	48,000	3.21	3.18
		<b>236,000</b>	<b>240,900</b>	<b>16.31</b>	<b>15.97</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b><u>Properties Held By The Trust (continued)</u></b>				
<b>Business Park Properties <sup>(4)</sup></b>				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	36 <sup>(50)</sup>	16 International Business Park Singapore 609929
<b>Total Business Park Properties held by the Trust</b>				
<b>Total Properties held by the Trust</b>				
<b><u>Properties Held By Subsidiaries</u></b>				
<b>Logistics/Warehousing Properties<sup>(1)</sup></b>				
6 CHIN BEE AVENUE	Leasehold	30	23 <sup>(51)</sup>	6 Chin Bee Avenue Singapore 619930
30 PIONEER ROAD	Leasehold	30	16 <sup>(52)</sup>	30 Pioneer Road Singapore 628502
<b>Total Logistics/Warehousing Properties held by subsidiaries</b>				
<b>General Industrial Properties<sup>(2)</sup></b>				
11 UBI ROAD 1	Leasehold	30+30/21+30	35 <sup>(54)</sup>	11 Ubi Road 1 Singapore 408723
29 TAI SENG STREET	Leasehold	30+30	46 <sup>(55)</sup>	29 Tai Seng Street Singapore 534120
11 LORONG 3 TOA PAYOH	Leasehold	60	8 <sup>(56)</sup>	11 Lorong 3 Toa Payoh Singapore 319579
81 TUAS BAY DRIVE	Leasehold	60	46 <sup>(57)</sup>	81 Tuas Bay Drive Singapore 637308
<b>Total General Industrial Properties held by subsidiaries</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
100	100	32,000	30,600	2.21	2.03
		<b>32,000</b>	<b>30,600</b>	<b>2.21</b>	<b>2.03</b>
		<b>1,385,700</b>	<b>1,403,800</b>	<b>95.77</b>	<b>93.07</b>
100	100	96,400	94,300	6.66	6.25
100	100	41,400	50,800	2.86	3.37
		<b>137,800</b>	<b>145,100</b>	<b>9.52</b>	<b>9.62</b>
100	100	87,300	84,000	6.03	5.57
100	100	35,500	34,000	2.45	2.25
84	89	51,500	56,000	3.56	3.71
100	100	28,000	28,000	1.94	1.86
		<b>202,300</b>	<b>202,000</b>	<b>13.98</b>	<b>13.39</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By Subsidiaries (continued)</b>				
<b>High-Specs Industrial Properties<sup>(3)</sup></b>				
^^ 19 TAI SENG AVENUE	Leasehold	30+30	47 <sup>(53)</sup>	19 Tai Seng Avenue Singapore 534054
# 7000 ANG MO KIO AVENUE 5	Leasehold	32+30	36 <sup>(58)</sup>	7000 Ang Mo Kio Avenue 5 Singapore 569877
<b>Total High-Specs Industrial Properties held by subsidiaries</b>				
<b>Business Park Properties<sup>(4)</sup></b>				
750-750E CHAI CHEE ROAD	Leasehold	60/43	10/10 <sup>(59)</sup>	750 to 750E Chai Chee Road Singapore 469000
6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	47 <sup>(60)</sup>	6/8 Changi Business Park Avenue 1 Singapore 486017
2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	47 <sup>(60)</sup>	2/4 Changi Business Park Avenue 1 Singapore 486015
<b>Total Business Park Properties held by subsidiaries</b>				
<b>Total Properties held by subsidiaries</b>				
<b>Total Properties held by the Group</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2020 %	2019 %	2020 \$'000	2019 \$'000	2020 %	2019 %
27	100	44,800	47,800	3.10	3.17
97	94	302,500	305,400	20.91	20.24
		<b>347,300</b>	<b>353,200</b>	<b>24.01</b>	<b>23.41</b>
80	79	278,200	299,300	19.23	19.82
53	64	373,000	362,000	25.78	24.00
100	100	165,000	169,000	11.40	11.20
		<b>816,200</b>	<b>830,300</b>	<b>56.41</b>	<b>55.02</b>
		<b>1,503,600</b>	<b>1,530,600</b>	<b>103.92</b>	<b>101.44</b>
		<b>2,889,300</b>	<b>2,934,400</b>	<b>199.69</b>	<b>194.51</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Investment Properties Portfolio Statements

As at 31 December 2020

	Percentage of Net assets attributable to Unitholders			
	2020 \$'000	2019 \$'000	2020 %	2019 %
<b>Trust</b>				
Investment properties, at valuation (Note 4)	1,385,700	1,403,800	95.61	91.73
Other assets and liabilities (net)	214,717	277,633	14.82	18.14
Net assets of the Trust	1,600,417	1,681,433	110.43	109.87
Perpetual securities holders' funds	(151,115)	(151,115)	(10.43)	(9.87)
Net assets attributable to Unitholders' Funds	1,449,302	1,530,318	100.00	100.00
<b>Group</b>				
Investment properties, at valuation (Note 4)	2,889,300	2,934,400	199.68	194.51
Other assets and liabilities (net)	(1,291,195)	(1,274,709)	(89.23)	(84.50)
Net assets of the Group	1,598,105	1,659,691	110.45	110.01
Perpetual securities holders' funds	(151,115)	(151,115)	(10.45)	(10.01)
Net assets attributable to Unitholders' Funds	1,446,990	1,508,576	100.00	100.00

	Independent Valuation	
	2020 \$'000	2019 \$'000
As disclosed in the Statement of Financial Position:		
<b>Trust</b>		
Investment properties — non current	1,551,337	1,573,491
Less: Right-of-use assets (Note 4)	(165,637)	(169,691)
<b>Total investment properties, at valuation</b>	<b>1,385,700</b>	<b>1,403,800</b>
<b>Group</b>		
Investment properties — non current	3,119,058	3,162,081
Less: Right-of-use assets (Note 4)	(229,758)	(227,681)
<b>Total investment properties, at valuation</b>	<b>2,889,300</b>	<b>2,934,400</b>

# Investment Properties Portfolio Statements

As at 31 December 2020

## Notes:

- (1) Logistics/Warehousing properties are typically equipped with high floor loading and also have a high floor-to-ceiling height. Such buildings can be either single-storey or multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.
- (2) General Industrial properties can be single or multi-storey facilities dedicated to general industrial, manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.
- (3) High-specs Industrial properties are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
- (4) Business Parks are clusters of buildings and offices typically dedicated to business activities relating to high-technology, research and development (R&D) value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
- (5) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (6) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (7) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
- (8) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (9) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (10) ESR-REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (11) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (12) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
- (13) ESR-REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (14) ESR-REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
- (15) ESR-REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (16) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (17) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (18) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (19) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (20) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (21) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (22) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (23) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
- (24) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (25) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
- (26) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- (27) ESR-REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- (28) ESR-REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (29) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (30) ESR-REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
- (31) ESR-REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
- (32) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (33) ESR-REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
- (34) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (35) ESR-REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
- (36) ESR-REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
- (37) ESR-REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
- (38) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
- (39) ESR-REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
- (40) ESR-REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (41) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- (42) ESR-REIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 year lease commencing from 1 December 1993 for 513 Yishun.
- (43) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- (44) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (45) ESR-REIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (46) ESR-REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
- (47) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (48) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- (49) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
- (50) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
- (51) Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
- (52) Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.
- (53) Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
- (54) Viva Trust holds the remainder of a 30+30 year lease commencing from 1 September 1995 for Plot 1 and 21+30 year lease commencing from 1 September 2004 for Plot 2.

## Investment Properties Portfolio Statements

As at 31 December 2020

### Notes: (continued)

- (55) Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.  
 (56) Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.  
 (57) Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.  
 (58) 7000.AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.  
 (59) Viva Trust holds the remainder of a 60 year lease commencing from 1 April 1971 for Plot 1: Lot 8134N Mukim 27 and 43 year lease commencing from 1 March 1988 for Plot 2: Lot 7837V Mukim 27.  
 (60) Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.

# Property is on 100% basis which includes a 20% non-controlling interest.

^^ Changed of asset class from General Industrial Properties to High-Specs Industrial Properties.

Investment properties comprise a diversified portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multi-tenancy and the tenancies range from one to twenty-five years for single tenancy and one month to ten years for multi-tenancy.

An independent valuation exercise was conducted for all the investment properties in December 2020 by Knight Frank Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flow analysis in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

As at 31 December 2020, the valuations adopted for investment properties amounted to \$2.89 billion (2019: \$2.93 billion). The net fair value loss on investment properties recognised in the Statement of Total Return is \$59.7 million (2019: \$91.6 million). The investment properties are fully unencumbered as at 31 December 2020 and 2019.

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	Group	
	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>		
Total return before income tax for the year	12,744	9,949
Adjustments for:		
Interest income	(17)	(15)
Borrowing costs	45,246	51,161
Management fees paid/payable in Units	5,280	6,491
Property Manager's fees paid/payable in Units	2,051	2,360
Share of results of joint venture	(3,010)	1,519
Finance costs on lease liabilities for leasehold land	11,575	10,799
Impairment loss on investment in joint venture	-	1,465
Change in fair value of financial derivatives	16,302	6,076
Change in fair value of investment properties	59,704	91,611
Change in fair value of right-of-use of leasehold land	(1,629)	(2,091)
Gain on disposal of investment properties	-	(48)
<b>Operating income before working capital changes</b>	148,246	179,277
Changes in working capital:		
Trade and other receivables	(717)	(864)
Trade and other payables	13,924	57
<b>Cash generated from operating activities</b>	161,453	178,470
Income tax paid	(11)	(397)
<b>Net cash generated from operating activities</b>	161,442	178,073
<b>Cash flows from investing activities</b>		
Interest received	17	15
Capital expenditure on investment properties	(10,939)	(18,425)
Proceeds from disposal of investment properties	-	5,797
Dividend received from joint venture	4,798	1,858
Investment in joint venture (Note A)	-	(44,648)
<b>Net cash used in investing activities</b>	(6,124)	(55,403)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new Units	-	150,039
Finance costs paid	(52,792)	(58,163)
Equity issue costs paid	(374)	(3,211)
Proceeds from borrowings	361,000	422,200
Repayment of borrowings	(375,000)	(499,769)
Distributions paid to Unitholders (Note B)	(73,024)	(124,876)
Distributions paid to perpetual securities holders	(6,919)	(6,900)
Distributions paid to non-controlling interest	(3,847)	(2,724)
Payment of principal portion of lease liabilities for leasehold land	(1,923)	(1,268)
<b>Net cash used in financing activities</b>	(152,879)	(124,672)
Net increase/(decrease) in cash and cash equivalents	2,439	(2,002)
Cash and cash equivalents at 1 January	15,662	17,664
<b>Cash and cash equivalents at 31 December</b>	<b>18,101</b>	<b>15,662</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

### Notes:

#### (A) Net cash outflow on investment in joint venture

Net cash outflow on investment in joint venture is set out below:

	Group	
	2020 \$'000	2019 \$'000
Cost of investment	–	(43,183)
Acquisition related costs capitalised	–	(1,465)
Net cash outflow	–	(44,648)

#### (B) Distributions paid to Unitholders

Distributions for the year ended 31 December 2020 were partially paid by issuing an aggregate of 66.0 million Units (2019: 8.9 million Units) amounting to \$26.0 million (2019: \$4.6 million) pursuant to the Distribution Reinvestment Plan.

	Group	
	2020 \$'000	2019 \$'000
Distributions paid to Unitholders	(98,996)	(129,454)
Distributions paid in Units pursuant to Distribution Reinvestment Plan	25,972	4,578
Net distributions paid to Unitholders in cash	(73,024)	(124,876)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 1. GENERAL

ESR-REIT (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between ESR Funds Management (S) Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, ESR-REIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, ESR-REIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, ESR-REIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Trust and its subsidiaries (together referred to as the "Group").

The principal activity of ESR-REIT is to invest in a diversified portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activities of the subsidiaries and joint venture are set out in Note 5 and Note 6 to the financial statements.

The Trustee and Perpetual (Asia) Limited (the "Sub-trust trustee"), in its capacity as the trustee of Viva Trust (the "Sub-trust"), have entered into several service agreements in relation to the management of ESR-REIT and its Sub-trust and their property operations.

The fee structures for these services are as follows:

### (A) Trustee's fees

#### *The Trust*

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the deposited property of ESR-REIT, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.016% per annum of the value of the Group's deposited property, excluding the deposited property of the Sub-trust. In addition, the Trustee charges a sub-trust administration fee of \$7,000 per month in respect of Viva Trust.

#### *The Sub-trust*

Pursuant to the trust deed entered into by the Manager and the Sub-trust Trustee, the fees of the Sub-trust Trustee shall not exceed 0.1% per annum of the value of the deposited property of Viva Trust, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Sub-trust Trustee from time to time. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the deposited property of the Sub-trust, subject to a minimum fee of \$15,000 per month.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 1. GENERAL (continued)

#### (B) Management fees

Under the Trust Deed, the Manager is entitled to receive a base fee and performance fee as follows:

- (a) base fee ("Base Fee") of 0.5% per annum of the value of the deposited property or such higher percentage as may be fixed by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provision of the Trust Deed; and
- (b) performance fee ("Performance Fee"), computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of Units in issue for such financial year, provided that the Highest DPU Threshold is achieved.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable ("Highest DPU Threshold"). Whenever a Performance Fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a Performance Fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculating the Performance Fee, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of deposited property as at the end of the financial year (referred to as the "annual fee cap").

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 1. GENERAL (continued)

### (C) Acquisition and disposal fees

Under the Trust Deed, the Manager is also entitled to receive the following fees:

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
  - (i) the purchase price, excluding GST, of any real estate acquired, whether directly by ESR-REIT or indirectly through a special purpose vehicle;
  - (ii) the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate) where ESR-REIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - ESR-REIT shall hold or invest in at least 50% of the equity of such entity; or
    - if ESR-REIT holds or invests in 30% or more but less than 50% of the equity of such entity, ESR-REIT shall have management control of the underlying real estate and/or such entity;
  - (iii) the value of any shareholder's loan extended by ESR-REIT to the entity referred to in paragraph (ii) above, provided that the provision in paragraph (ii) is complied with; and
  - (iv) the value of any investment by ESR-REIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (ii)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 1. GENERAL (continued)

#### (C) Acquisition and disposal fees (continued)

- (b) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
  - (i) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(a)(i) above for the acquisition fee;
  - (ii) in relation to an investment of the type referred to in paragraph (C)(a)(ii) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate);
  - (iii) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(a)(iii) above for the acquisition fee; and
  - (iv) the value of an investment referred to in paragraph (C)(a)(iv) above for the acquisition fee.

The Manager may opt to receive acquisition and disposal fees in the form of cash or Units or a combination of cash and Units as it may determine.

#### (D) Development management fee

Pursuant to the amended and restated Trust Deed as approved and adopted by the Unitholders at the extraordinary general meeting held on 12 September 2019, the Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT, subject to the following:

- (a) when the estimated total project costs are greater than \$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee payable to the Manager, and the Manager may be directed by its independent directors to reduce the development management fee;
- (b) in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the development management fee, the Manager's independent directors shall have the discretion to direct the Manager to reduce the development management fee to such amount which is less than 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT; and
- (c) any increase in the percentage of the development management fee or any change in the structure of the development management fee shall be approved by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where real estate or real estate related assets are purchased, invested in or acquired for development, no acquisition fee in relation to such purchase, investment or acquisition shall be paid to the Manager. Instead, the Manager will receive the development management fee for the development project.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 1. GENERAL (continued)

### (D) Development management fee (continued)

The development management fee shall be payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs have been finalised.

The Manager may opt to receive the development management fee in the form of cash or a combination of cash and Units as it may determine.

### (E) Property Manager's fees

ESR Property Management (S) Pte. Ltd. (the "Property Manager"), as property manager for all of ESR-REIT's properties including those held through 7000 AMK LLP and Viva Trust, is entitled to receive the following fees:

- (a) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (b) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (c) A marketing services commission equivalent to:
  - (i) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (ii) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (iii) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (iv) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.
- (d) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the Monetary Authority of Singapore ("MAS")), the refurbishment, retrofitting and renovation works on a property, as follows:
  - (i) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (ii) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (iii) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (iv) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 1. GENERAL (continued)

#### (E) Property Manager's fees (continued)

- (e) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
- (i) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (ii) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (iii) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

The above-mentioned fee is a lump sum fixed fee based on the property tax savings calculated over a 12-month period.

The Property Manager may opt to receive property and lease management fees in the form of cash or Units or a combination of cash and Units as it may determine.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

#### 2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties and derivative financial instruments, which are stated at fair value as described in Note 26.

As at 31 December 2020, the current liabilities of the Group and the Trust exceeded their current assets by \$288.9 million and \$198.6 million respectively. This is primarily due to the classification of a revolving credit facility of \$31.0 million and a term loan facility of \$160.0 million as current liabilities as they are maturing in 2021. On 12 March 2021, the Trust completed the refinancing of the aforementioned debt facilities ahead of their respective maturity dates with a new \$320.0 million unsecured loan facility as disclosed in Note 31(a). With the aforesaid \$320.0 million loan facility, the Manager believes that the Group and the Trust will be able to meet their current obligations as and when they fall due.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars (“\$”), which is the Trust’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2020, including “Amendments to FRS 116: *COVID-19-Related Rent Concessions*”, effective from 1 June 2020.

The Group has applied the practical expedient under FRS 116 Leases: *COVID-19-Related Rent Concessions*, allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases which do not qualify for the practical expedient, the Group would assess whether there is a lease modification under FRS 116 Leases.

The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

### 2.5 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 103, FRS 39, FRS 107, FRS 104, FRS 116: <i>Interest Rate Benchmark Reform — Phase 2</i>	1 January 2021
Amendments to FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to FRS 16: <i>Property, Plant and Equipment — Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37: <i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to FRSs 2018–2020	1 January 2022
FRS 117 <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 117: <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Manager expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.6 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

In the Trust's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

##### *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Group. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

##### *Accounting for investments in subsidiaries and joint venture in the Trust's financial statements*

Investments in subsidiaries and joint venture are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The statement of total return reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of total return.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.8 Investment properties

Investment properties are properties that are owned by the Group and held to earn rentals or for capital appreciation, or both but not for sale in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 2.9 below). They are initially measured at cost, including transaction costs and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property

Any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly valued on the basis set out above.

#### 2.9 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *(i) Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value and are derived by discounting future lease payments using the Group's incremental borrowing rate for borrowings of similar amount and tenor. Any increase or decrease in right-of-use assets is credited or charged directly to the statement of total return. Right-of-use assets which meets the definition of an investment property is accounted for in accordance with Note 2.8.

#### *(ii) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17. Contingent rents are recognised as revenue in the period in which they are earned.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.11 Financial instruments

##### (a) Financial assets

###### *Initial recognition and measurement*

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of total return. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

###### *Subsequent measurement*

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of total return when the assets are derecognised or impaired, and through amortisation process.

###### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the statement of total return.

###### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Financial instruments (continued)

#### (b) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

##### *Subsequent measurement*

##### Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of total return when the liabilities are derecognised and through the amortisation process.

##### Derivative financial instruments

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the statement of total return.

##### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

##### *Netting of financial assets and liabilities*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.12 Impairment

##### (a) Financial assets

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### (b) Non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of total return.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### 2.15 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of Units are deducted directly against Unitholders' funds.

### 2.16 Perpetual securities

The perpetual securities confer a right to receive distributions at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and will be non-cumulative.

The perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

Accordingly, the perpetual securities are classified as equity and the expenses relating to their issue are deducted directly against Unitholders' funds.

### 2.17 Revenue recognition

#### (a) Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (b) Interest income

Interest income is accrued using the effective interest method.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.18 Expenses

*(a) Property expenses*

Property expenses are recognised on an accrual basis. Included in property expenses are the Property Manager's fee which is based on the applicable rate stipulated in Note 1E.

*(b) Management fees*

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1B.

*(c) Trust expenses*

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rate stipulated in Note 1A.

*(d) Borrowing costs*

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the statement of total return using the effective interest method over the period of borrowings.

#### 2.19 Taxation

*(a) Current tax and deferred tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Taxation (continued)

#### (a) Current tax and deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of ESR-REIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of ESR-REIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of ESR-REIT in that financial year, except:

- (i) where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Non-resident Non-individual Unitholders or Qualifying Non-resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made on or before 31 December 2025.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.19 Taxation (continued)

##### (a) Current tax and deferred tax (continued)

A "Qualifying Unitholder" is a Unitholder who is:

- an individual and who holds the Units either in his sole name or jointly with other individuals;
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap.37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap.145); and
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A "Non-resident Non-individual Unitholder" is one, not being an individual, which is not a resident of Singapore for income tax purposes and;

- which does not have a permanent establishment in Singapore; or
- which carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A "Qualifying Non-resident Fund" is one that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purpose and;

- which does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- which carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by ESR-REIT. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Taxation (continued)

#### (b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.20 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.21 Distribution policy

The Group's distribution policy is to distribute at least 90% of its annual distributable income to Unitholders, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion. Distributions are made on a quarterly basis at the discretion of the Manager.

### 2.22 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

### 2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by ESR-REIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.24 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### 3.1 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 21 – Assessment of income tax provision
- Note 26 – Valuation of investment properties

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 4. INVESTMENT PROPERTIES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Investment properties, at valuation</u>				
At 1 January	2,934,400	3,021,900	1,403,800	1,458,200
Capital expenditure incurred	14,217	9,995	3,751	7,452
Disposal of investment properties	–	(5,700)	–	(5,700)
Change in fair value during the year*	(59,317)	(91,795)	(21,851)	(56,152)
	2,889,300	2,934,400	1,385,700	1,403,800
<u>Right-of-use assets</u>				
At 1 January	227,681	226,351	169,691	170,928
Re-measurement due to change in lease rates	1,137	1,136	(2,161)	1,136
De-recognition due to divestment of investment property	–	(759)	–	(759)
Change in fair value of right-of-use of leasehold land**	940	953	(1,893)	(1,614)
	229,758	227,681	165,637	169,691
At 31 December	3,119,058	3,162,081	1,551,337	1,573,491

\* The fair value loss of \$59.3 million (2019: \$91.8 million) together with an adjustment for the effect of lease incentives and marketing fee amortisation of \$0.4 million (2019: -\$0.2 million), aggregate to \$59.7 million (2019: \$91.6 million) as disclosed in the Statement of Total Return.

\*\* The change in fair value of right-of-use of leasehold land has been adjusted for the effect of interest and payments borne by tenants of \$0.7 million (2019: \$1.1 million) as disclosed in Note 10.

Details of the investment properties are shown in the Investment Properties Portfolio Statement. Investment properties are leased to non-related parties under operating leases.

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 December 2020 and 31 December 2019. Information on the fair value assessment of investment properties is disclosed in Note 26.

#### **Security**

All the investment properties are fully unencumbered as at 31 December 2020 and 2019.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2020 \$'000	2019 \$'000
Unquoted equity investment, at cost	1,148,771	1,148,771
Impairment losses	(355,875)	(304,000)
	<u>792,896</u>	<u>844,771</u>

#### Impairment losses

During the year, the Trust recognised an impairment loss of \$51.9 million (2019: \$304.0 million) against its investment in subsidiaries. This amount relates predominantly to the decrease in fair value of investment properties. The impairment loss has no impact on distributable income.

#### Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
ESR-MTN Pte. Ltd.^	Provision of financial and treasury services	Singapore	100	100
Cambridge SPV1 LLP*	Investment, management, leasing and redevelopment of properties	Singapore	–	100
ESR-SPV2 Pte. Ltd.^	Investment holding	Singapore	100	100
7000 AMK LLP^	Property investment and other related businesses	Singapore	80	80
Viva Trust^	Property investment and other related businesses	Singapore	100	100
Held through Viva Trust:				
Viva iTrust MTN Pte. Ltd.*	Provision of financial and treasury services	Singapore	–	100

^ Audited by Ernst & Young LLP, Singapore.

\* These dormant wholly-owned subsidiaries of ESR-REIT have been struck off from the Register of Companies pursuant to Section 344A of the Companies Act; and the Register of Limited Liability Partnerships pursuant to Section 38A of the Limited Liability Partnerships Act. The strike-off of these subsidiaries did not have any material impact on the earnings per unit or net tangible assets per unit of ESR-REIT.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (continued)

#### *Put option for 20% interest in 7000 AMK LLP*

As part of the acquisition in 2017, ESR-REIT granted a put option to Ho Lee Properties Pte Ltd ("HLP"), the owner of the remaining 20% interest in 7000 AMK LLP, that provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP at a price of no less than \$60.0 million (the "Put Option"). As the Put Option contains an obligation for ESR-REIT to purchase the remaining 20% interest in 7000 AMK LLP, the 20% non-controlling interest in 7000 AMK LLP has been accounted for by the Group as a financial liability (see Note 12). The Put Option, which expired on 13 December 2020, has been extended for a further term of 12 months.

As at 31 December 2020, the Put Option remains unexercised and HLP's 20% share of the results of 7000 AMK LLP has been allocated to non-controlling interest, which has been accounted for and classified as a current liability. Upon the exercise of the Put Option, the amount recognised as financial liability at that date will be extinguished by the payment made by ESR-REIT to HLP.

### 6. INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unquoted equity investment, at the beginning of the financial year/date of initial recognition	39,806	44,648	43,183	44,648
Impairment losses	-	(1,465)	(5,165)	(1,465)
Share of results	3,010	(1,519)	-	-
Distribution received	(4,798)	(1,858)	-	-
At the end of the financial year	38,018	39,806	38,018	43,183

On 17 June 2019, ESR-REIT entered into a joint venture arrangement with Poh Tiong Choon Logistics Limited ("PTC") to jointly set up a limited liability partnership, PTC Logistics Hub LLP ("PTC LLP"), in which ESR-REIT has a 49% interest. PTC LLP is established in Singapore as a strategic venture in property investment. The Group jointly controls the venture with PTC under a contractual agreement that requires unanimous consent for all major decisions over the relevant activities of PTC LLP.

On 7 August 2019, PTC LLP completed the acquisition of an investment property located at 48 Pandan Road at a purchase consideration of \$225.0 million under a sale-and-leaseback arrangement with Poh Tiong Choon Logistics Limited for an initial lease term of ten years with fixed annual rental escalations.

The cost of investment of the 49% interest in PTC LLP amounted to \$44,648,000 which included acquisition fee of \$1,103,000 paid to the Manager (Note 25).

In 2019, impairment losses of \$1,465,000 were made against the investment. This amount represents predominantly the transaction costs incurred by the Trust in relation to its investment in the joint venture which could not be substantiated by the value of the Trust's share of net assets of PTC LLP as at year end. During the year, impairment losses of \$5,165,000 were made to write-down the investment to the fair value of the Trust's share of net assets of PTC LLP as at year end.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 6. INVESTMENT IN JOINT VENTURE (continued)

Summarised financial information of the joint venture, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

#### Summarised statement of financial position of PTC LLP:

	Group	
	2020 \$'000	2019 \$'000
Current assets, including cash and cash equivalents of \$3,217,038 (2019: \$1,808,094)	4,180	2,470
Non-current assets, including investment property of \$224,100,000 (2019: \$225,000,000)	238,923	240,130
Current liabilities	(2,728)	(1,434)
Non-current liabilities, including long-term borrowings of \$145,548,270 (2019: \$145,109,550)	(162,788)	(159,930)
<b>Net assets</b>	<b>77,587</b>	<b>81,236</b>
Proportion of the Group's ownership	49%	49%
Group's share in net assets	38,018	39,806
<b>Carrying amount of the Group's investment</b>	<b>38,018</b>	<b>39,806</b>

#### Summarised statement of comprehensive income of PTC LLP:

	Group	
	2020 \$'000	2019 \$'000
Revenue	17,500	7,009
Property expenses	(312)	(126)
Other operating expenses	(21)	(172)
Change in fair value of investment property	(1,881)	(7,174)
Change in fair value of right-of-use of leasehold land	(308)	(118)
Change in fair value of financial derivatives	(2,744)	-
Net finance costs	(6,091)	(2,520)
<b>Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year</b>	<b>6,143</b>	<b>(3,101)</b>
Proportion of the Group's ownership	49%	49%
Group's share of profit/(loss) for the year	3,010	(1,519)

The joint venture has no other contingent liabilities or commitments as at 31 December 2020 and 2019. PTC LLP cannot distribute its taxable profits without the consent from the joint venture partners.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 7. LOANS TO SUBSIDIARIES (TRUST)

The loans to subsidiaries are unsecured and bear interest at rates based on ESR-REIT's prevailing cost of debt. Interest is payable in arrears on a quarterly basis.

The loans are repayable at dates mutually agreed by the parties, which are not likely to occur within the next 12 months from the reporting date.

### 8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables	4,466	2,460	2,757	1,304
Deposits	2,675	2,857	1,466	1,619
Other receivables				
— Subsidiaries	–	–	18,808	15,874
— Non related parties	2,450	4,076	345	1,347
	2,450	4,076	19,153	17,221
<b>Financial assets carried at amortised cost</b>	9,591	9,393	23,376	20,144
Prepayments	2,625	2,110	116	74
<b>Total trade and other receivables</b>	<b>12,216</b>	<b>11,503</b>	<b>23,492</b>	<b>20,218</b>

Trade receivables are non-interest bearing and are generally on 14 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables due from subsidiaries are non-trade related, non-interest bearing and repayable on demand.

The Group's primary exposure to credit risk arises from its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 8. TRADE AND OTHER RECEIVABLES (continued)

#### *Impairment losses*

The ageing of trade receivables at the reporting date is as follows:

	Gross receivables	Impairment losses	Gross receivables	Impairment losses
	2020 \$'000	2020 \$'000	2019 \$'000	2019 \$'000
<b>Group</b>				
Past due 0–30 days	418	–	1,065	–
Past due 31–120 days	819	–	991	–
More than 120 days past due	3,229	–	404	–
	<u>4,466</u>	<u>–</u>	<u>2,460</u>	<u>–</u>
<b>Trust</b>				
Past due 0–30 days	195	–	557	–
Past due 31–120 days	487	–	523	–
More than 120 days past due	2,075	–	224	–
	<u>2,757</u>	<u>–</u>	<u>1,304</u>	<u>–</u>

Trade receivables are individually assessed for impairment on an ongoing basis.

The Manager believes that no impairment is necessary in respect of the trade receivables as these receivables are mainly due from tenants that have good payment records and/or have sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

The Group's and the Trust's exposure to credit risk related to trade and other receivables are disclosed in Note 27.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 9. TRADE AND OTHER PAYABLES

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	22,828	17,299	10,170	8,346
Amounts due to related parties (trade):				
— the Manager	2,872	2,799	2,872	2,258
— the Property Manager	1,443	1,240	1,074	923
— the Trustee	136	165	89	116
Amount due to subsidiaries (non-trade)	–	–	1	795
Amount due to joint venture	467	315	467	315
Interest and loan commitment fee payable	5,341	6,285	5,341	5,493
Security deposits	12,433	9,259	7,307	4,027
Rent received in advance	1,081	2,178	496	1,007
Retention sums	1,338	1,364	694	1,172
Other payables	1,257	380	368	167
Reinstatement sums	5,332	5,552	1,512	736
Rental rebates payable	7,819	–	3,733	–
	62,347	46,836	34,124	25,355
<b>Non-current liability</b>				
Security deposits	19,729	20,000	10,429	10,484
<b>Total trade and other payables</b>	82,076	66,836	44,553	35,839
Less: Rent received in advance	(1,081)	(2,178)	(496)	(1,007)
Less: GST payables	(1,997)	(2,805)	(860)	(1,083)
<b>Financial liabilities at amortised cost</b>	78,998	61,853	43,197	33,749

The amounts due to related parties and subsidiaries are unsecured, non-interest bearing and repayable on demand. Transactions with related parties are priced on terms agreed between the parties.

Retention sums relate to monies withheld for certain investment properties acquired in prior years or as security against defective works for properties undergoing asset enhancement initiatives.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 9. TRADE AND OTHER PAYABLES (continued)

Reinstatement sums relate to monies received from outgoing tenants in respect of their contractual obligations to reinstate their leased premises.

Rental rebates payable relates to rental rebates to be extended to tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, and under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 27.

### 10. LEASES

#### As a lessee

The Group is required to pay land rent, whether annually or on an upfront land premium basis to JTC Corporation and CapitaLand Singapore BP&C Pte Ltd for properties in its portfolio. The annual land rent payable is based on market land rent for the relevant year and any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the respective properties for the immediate preceding year.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Lease liabilities for leasehold land			
	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
At 1 January	227,681	226,351	169,691	170,928
Re-measurement due to change in lease rates	1,137	1,136	(2,161)	1,136
De-recognition due to divestment of investment property	-	(759)	-	(759)
Accretion of interest	11,575	10,799	8,742	8,232
Payments	(9,946)	(8,708)	(9,946)	(8,708)
Effect of interest and payments borne by tenants	(689)	(1,138)	(689)	(1,138)
At 31 December	229,758	227,681	165,637	169,691
Current	2,770	2,608	2,770	2,608
Non-current	226,988	225,073	162,867	167,083

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 10. LEASES (continued)

#### As a lessee (continued)

The following are the amounts recognised in the Statement of Total Return:

	Group	
	2020 \$'000	2019 \$'000
Change in fair value of right-of-use of leasehold land	(1,629)	(2,091)
Finance costs on lease liabilities for leasehold land	11,575	10,799
Net amount recognised in Statement of Total Return	9,946	8,708

#### As a lessor

The Group's investment properties are leased to tenants under operating leases. The remaining lease terms of the leases range from less than one year to 18 years. Certain leases include a fixed annual rental escalation clause to enable upward revision of the rental charge on an annual basis. Rental income recognised by the Group during the year is \$221,479,000 (2019: \$236,676,000).

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Receivable:				
— Within 1 year	197,914	229,455	89,845	91,148
— After 1 year but within 5 years	365,828	464,391	139,856	193,018
— After 5 years	88,802	196,999	76,069	166,711
	652,544	890,845	305,770	450,877

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 11. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Current liabilities</b>				
Unsecured loans	191,000	–	191,000	–
Fixed rate notes (unsecured)	–	160,000	–	–
Loan from a subsidiary (unsecured)	–	–	–	160,000
Unamortised loan transaction costs	(533)	(74)	(533)	(74)
	190,467	159,926	190,467	159,926
<b>Non-current liabilities</b>				
Unsecured loans	945,000	990,000	945,000	990,000
Fixed rate notes (unsecured)	50,000	50,000	50,000	50,000
Unamortised loan transaction costs	(6,853)	(8,802)	(6,853)	(8,802)
	988,147	1,031,198	988,147	1,031,198
<b>Total interest-bearing borrowings</b>	<b>1,178,614</b>	<b>1,191,124</b>	<b>1,178,614</b>	<b>1,191,124</b>

The weighted average all in cost of debt as at 31 December 2020 was 3.5% per annum (2019: 3.9% per annum).

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2020		2019	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Group</b>						
<b>Unsecured</b>						
Term loan facilities	SOR* + margin	2021 to 2024	1,005,000	998,438	880,000	872,040
Revolving credit facilities	SOR* + margin	2021 to 2024	131,000	130,275	110,000	109,299
Medium Term Notes	3.95% to 4.10%	2020 and 2023	50,000	49,901	210,000	209,785
			1,186,000	1,178,614	1,200,000	1,191,124
<b>Trust</b>						
<b>Unsecured</b>						
Term loan facilities	SOR* + margin	2021 to 2024	1,005,000	998,438	880,000	872,040
Revolving credit facilities	SOR* + margin	2021 to 2024	131,000	130,275	110,000	109,299
Medium Term Notes	3.95%	2023	50,000	49,901	50,000	49,859
Loans from a subsidiary	3.95% to 4.10%	2020	–	–	160,000	159,926
			1,186,000	1,178,614	1,200,000	1,191,124

\* Swap Offer Rate.

The nominal interest rate for the \$ floating rate loans is determined by an interest margin plus SOR per annum.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 11. INTEREST-BEARING BORROWINGS (continued)

As at the reporting date, the Group has in place unsecured borrowings comprising:

### (A) Term loans and revolving credit facilities

- (i) loan facility of \$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
  - Facility A: \$100 million term loan facility maturing in May 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in May 2022 at an interest margin plus SOR.
- (ii) revolving credit facility of \$150 million from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") maturing in June 2021 at an interest margin plus SOR.
- (iii) loan facility of \$500 million from a syndicate of four banks comprising United Overseas Bank Limited, HSBC, Malayan Banking Berhad, Singapore Branch and RHB Bank Berhad consisting of:
  - Facility A: \$160 million term loan facility maturing in October 2021 at an interest margin plus SOR;
  - Facility B: \$180 million term loan facility maturing in October 2022 at an interest margin plus SOR;
  - Facility C: \$160 million term loan facility maturing in October 2023 at an interest margin plus SOR; and
- (iv) term loan facility of \$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR.
- (v) Club loan facility of \$155 million from three banks comprising Australia and New Zealand Banking Group Limited, Singapore Branch, CTBC Bank Co., Ltd., Singapore Branch, and Standard Chartered Bank, Singapore Branch consisting of:
  - Facility A: \$75 million term loan facility maturing in March 2022 at an interest margin plus SOR; and
  - Facility B: \$80 million term loan facility maturing in March 2023 at an interest margin plus SOR.
- (vi) Club loan facility of \$200 million from MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch consisting of:
  - Facility A: \$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.

As at 31 December 2020, the total amounts outstanding under the term loan and revolving credit facilities were \$1,005 million and \$131 million respectively.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 11. INTEREST-BEARING BORROWINGS (continued)

#### (B) Unsecured Medium Term Notes

On 2 February 2012, ESR-REIT, through its wholly owned subsidiary, ESR-MTN Pte. Ltd. (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). The MTN Programme was modified and renamed as \$750 million multi-currency debt issuance programme (the "Debt Issuance Programme") in March 2016 to allow the issue of medium term notes (the "Notes") and/or perpetual securities (the "Perps") by either the Trust or the Issuer.

Under the Debt Issuance Programme, the Trust and/or the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue the Notes/Perps denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes/Perps are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the "Guarantor").

The Notes/Perps may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

The Group has issued the following Notes under its Debt Issuance Programme:

- \$30 million 6-year Fixed Rate Notes (the "Series 002 Notes") issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in April 2020;
- \$130 million 5-year Fixed Rate Notes (the "Series 004 Notes") issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in May 2020; and
- \$50 million 7-year Fixed Rate Notes (the "Series 005 Notes") issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023.

The Issuer on-lent the net proceeds from the issuance of the Series 002 Notes and Series 004 Notes to the Trust, which in turn, used such proceeds to finance property acquisitions and/or repayment of existing loans. The Series 005 Notes were issued directly by the Trust.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 11. INTEREST-BEARING BORROWINGS (continued)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	2019 \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	2020 \$'000
Bank loans	981,339	143,892	3,482	1,128,713
Fixed rate notes	209,785	(160,000)	116	49,901
	1,191,124	(16,108)	3,598	1,178,614

	2018 \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	2019 \$'000
Bank loans	1,058,658	(80,755)	3,436	981,339
Fixed rate notes	209,545	-	240	209,785
	1,268,203	(80,755)	3,676	1,191,124

\* The cash flows included an upfront loan transaction cost of \$2.1 million (2019: \$3.2 million) relating to new loan facilities.

### 12. AMOUNT DUE TO NON-CONTROLLING INTEREST

This relates to the 20% non-controlling interest in 7000 AMK LLP, which has been accounted for and classified as a current liability due to the Put Option granted by ESR-REIT to HLP that provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP as disclosed in Note 5.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust			
	2020		2019	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Interest rate swaps				
Current	-	(3,332)	-	-
Non-current	-	(35,246)	-	(22,276)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate borrowings by swapping the interest rates on such borrowings from floating rates to fixed rates.

At 31 December 2020, the Group has entered into interest rate swap contracts with a total notional amount of \$1,005.0 million (2019: \$855.0 million) to fix the base interest rates for a weighted average tenor of approximately 2.0 years (2019: 3.0 years). Under these interest rate swap contracts, the Group pays interest at a weighted average fixed interest rate of 2.1% (2019: 2.3%) per annum and receives interest based on SOR.

### 14. PERPETUAL SECURITIES

In November 2017, ESR-REIT issued \$150.0 million of perpetual securities. The key terms and conditions are as follows:

- the perpetual securities confer a right to receive distribution at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative;
- the perpetual securities constitute direct, unsecured and subordinated obligations of ESR-REIT and rank pari passu and without any preference among themselves and with any Party Obligations (as defined in the conditions of the issuance) of the Trust; and
- the perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

The perpetual securities are classified as equity instruments and recorded as equity in the Statement of Financial Position. The \$151.1 million (2019: \$151.1 million) presented in the Statement of Financial Position represents the carrying value of the \$150.0 million perpetual securities issued and the total return attributable to the perpetual securities holders. The issue costs were deducted from the Unitholders' funds.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 15. UNITS IN ISSUE

	Group and Trust	
	2020 Number of units '000	2019 Number of units '000
Units in issue:		
At 1 January	3,487,316	3,170,173
Issue of new Units:		
— Management fees paid in Units	23,097	15,915
— Distribution Reinvestment Plan	65,949	8,937
— Private placement	—	194,174
— Preferential offering	—	98,117
Total issued Units at 31 December	3,576,362	3,487,316

During the financial year ended 31 December 2020, the Trust issued the following new Units:

- (i) 23.1 million new Units amounting to approximately \$8.9 million at issue prices ranging from \$0.2868 to \$0.5308 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager; and
- (ii) 66.0 million new Units amounting to approximately \$26.0 million at issue prices ranging from \$0.3317 to \$0.5317 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

During the financial year ended 31 December 2019, the Trust issued the following new Units:

- (i) 15.9 million new Units amounting to approximately \$8.4 million at issue prices ranging from \$0.5048 to \$0.5351 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager;
- (ii) 8.9 million new Units amounting to approximately \$4.6 million at an issue price of \$0.5123 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash;
- (iii) 194.2 million new Units amounting to approximately \$100.0 million at an issue price of \$0.5150 per Unit pursuant to a private placement in June 2019; and
- (iv) 98.1 million new Units amounting to approximately \$50.0 million at an issue price of \$0.5100 per Unit pursuant to a preferential offering in October 2019.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 15. UNITS IN ISSUE (continued)

#### *Unitholders' rights*

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem its Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

### 16. GROSS REVENUE

	Group	
	2020 \$'000	2019 \$'000
Property rental income	221,479	236,676
Other income	15,826	17,368
Rental rebates <sup>(1)</sup>	(7,381)	–
	229,924	253,044

<sup>(1)</sup> During the year, the Group received cash grants and property tax rebates amounting to \$4.8 million from the Singapore Government. In turn, the Group provided \$12.2 million of rental rebates to eligible tenants as part of its measures to support tenants adversely affected by the COVID-19 outbreak and under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 17. PROPERTY EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Property Manager's fees paid and payable in:		
— cash	8,580	8,314
— Units <sup>(1)</sup>	2,051	2,360
	10,631	10,674
Property tax	19,244	18,059
Property tax rebates <sup>(2)</sup>	(1,359)	—
Repair and maintenance expenses	19,720	17,468
Other property operating expenses	17,481	18,913
	<u>65,717</u>	<u>65,114</u>

- (1) Includes approximately \$Nil (2019: \$0.7 million) paid to the Property Manager subsequent to the reporting date by way of an issuance of Nil (2019: 1.4 million) new Units to the Property Manager at an issue price of \$Nil (2019: \$0.5308) per Unit for financial year ended 31 December 2020 and 2019 respectively.
- (2) This amount represents the property tax rebates received in relation to the untenanted space of the property portfolio. During the year, the Singapore Government had given remission of property tax to owners of qualifying non-residential properties in response to the COVID-19 pandemic. Pursuant to the COVID-19 (Temporary Measures) Act 2020, while the owner of such qualifying non-residential property is required to transfer the benefit of the property tax remission to the eligible tenants at the property, the owner is entitled to retain the portion of the property tax remission relating to the untenanted space of the property.

### 18. MANAGEMENT FEES

	Group	
	2020 \$'000	2019 \$'000
Base fees paid and payable in:		
— cash	9,359	8,435
— Units <sup>(1)</sup>	5,280	6,491
	<u>14,639</u>	<u>14,926</u>

- (1) Includes approximately \$0.7 million (2019: \$1.6 million) paid to the Manager subsequent to the reporting date by way of an issuance of 1.9 million (2019: 2.9 million) new Units to the Manager at an issue price of \$0.4000 (2019: \$0.5308) per Unit.

There was no Performance Fee payable for the financial year as the Trust did not outperform the initial Highest DPU Threshold of 6.000 cents for the financial year ended 31 December 2020. Please refer to Note 1B(b) for further details on the Performance Fee structure.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 19. TRUST EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Auditor's remuneration:		
— audit fees	395	305
— non-audit fees	357	103
Trustee's fees	544	764
Valuation fees	476	140
Professional fees <sup>(1)</sup>	4,852	348
Other expenses <sup>(2)</sup>	2,029	918
	<u>8,653</u>	<u>2,578</u>

<sup>(1)</sup> Includes \$4.7 million of abortive costs incurred in relation to the proposed merger of ESR-REIT and Sabana Shari'ah Compliant Industrial Real Estate Investment Trust.

<sup>(2)</sup> Other expenses comprise investor relations costs, compliance costs, listing fees and other non-property related expenses.

### 20. BORROWING COSTS

	Group	
	2020 \$'000	2019 \$'000
Borrowing costs paid and payable:		
— bank loans	22,308	34,521
— financial derivatives	14,861	4,417
— fixed rate notes	4,365	8,340
Amortisation of transaction costs relating to debt facilities	3,712	3,883
	<u>45,246</u>	<u>51,161</u>

### 21. INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 is as follows:

	Group	
	2020 \$'000	2019 \$'000
<b>Reconciliation of tax expense</b>		
Total return for the year before income tax	12,744	9,949
Income tax using Singapore tax rate of 17% (2019: 17%)	2,166	1,691
Income not subject to tax	—	(8)
Non-tax deductible items	16,381	19,947
Tax transparency	(18,535)	(21,604)
Income tax expense	<u>12</u>	<u>26</u>

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 22. EARNINGS AND DISTRIBUTION PER UNIT

#### (a) Basic earnings per unit

The calculation of basic earnings per Unit is based on the total return attributable to Unitholders and the weighted average number of Units in issue for the financial year.

	Group	
	2020 \$'000	2019 \$'000
Total return after income tax	12,732	9,923
Less:		
Non-controlling interest	(3,043)	(3,843)
Amount reserved for distribution to perpetual securities holders	(6,919)	(6,900)
Total return/(loss) attributable to Unitholders	2,770	(820)
	Number of units	
	2020 '000	2019 '000
Weighted average number of Units:		
— Units issued at beginning of the year	3,487,316	3,170,173
Effect of issue of new Units:		
— Management fees paid in Units	11,324	6,578
— Distribution reinvestment plan	23,940	5,019
— Preferential offering	—	21,236
— Private placement	—	100,545
	3,522,580	3,303,551
	Group	
	2020	2019
Basic earnings per Unit (cents)	0.079	(0.025)

#### (b) Diluted earnings per unit

Diluted earnings per Unit is the same as basic earnings per Unit as there were no dilutive instruments in issue during the current and previous financial years.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 22. EARNINGS AND DISTRIBUTION PER UNIT (continued)

#### (c) Distribution per unit

The calculation of distribution per Unit is based on the total amount available for distribution and the number of Units entitled to distribution during the financial year.

	Group	
	2020 \$'000	2019 \$'000
Total amount available for distribution	106,046	123,366
Amount reserved for perpetual securities holders	(6,919)	(6,900)
Distribution from other gains	–	16,100
Amount available for distribution to Unitholders	99,127	132,566
Distribution per Unit (cents)	2.800	4.011

### 23. EQUITY ISSUE COSTS

	Group and Trust	
	2020 \$'000	2019 \$'000
Equity issue costs:		
– Distribution reinvestment plan	399	103
– Preferential offering	(165)	1,556
– Private placement	(15)	2,156
	219	3,815

The equity issue costs are deducted directly against Unitholders' funds.

### 24. COMMITMENTS

#### Capital commitments

As at the reporting date, the Group had \$18.1 million (2019: \$2.8 million) of capital commitments in respect of asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the consolidated financial statements. These projects are targeted to complete in 2021.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 25. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	Group	
	2020 \$'000	2019 \$'000
<b>ESR Funds Management (S) Limited (the Manager)</b>		
Management fees paid and payable in:		
— cash	9,359	8,435
— Units	5,280	6,491
Acquisition fees paid in cash	–	1,103
Divestment fees paid in cash	–	29
<b>ESR Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property and lease management fees paid and payable in:		
— cash	4,660	5,044
— Units	2,051	2,360
Lease marketing services commission paid and payable in cash	4,951	2,556
Project management fees paid and payable in cash	158	58
Site staff cost recovery	817	725
<b>RBC Investor Services Trust Singapore Limited (the Trustee)</b>		
Trustee fees paid and payable	356	574
<b>Perpetual (Asia) Limited (the Sub-trust Trustee)</b>		
Trustee fees paid and payable	188	190

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT

#### *Valuation processes applied by the Group*

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

#### *(a) Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous financial years.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT (continued)

#### (b) Assets and liabilities measured at fair value

The table below shows an analysis of each class of assets and liabilities of the Group and the Trust measured at fair value as at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	3,119,058	3,119,058
<b>Derivatives</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)
<b>2019</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	3,162,081	3,162,081
<b>Derivatives</b>				
Derivative financial instruments	-	(22,276)	-	(22,276)
<b>Trust</b>				
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	1,551,337	1,551,337
<b>Derivatives</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)
<b>2019</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	1,573,491	1,573,491
<b>Derivatives</b>				
Derivative financial instruments	-	(22,276)	-	(22,276)

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT (continued)

#### (c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

##### *Financial derivatives*

The fair value of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cashflows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

#### (d) Level 3 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

##### *Investment properties*

Investment properties are stated at fair value based on valuations as at the reporting date performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in the Statement of Total Return.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the reporting date between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

In determining the fair values, the valuers have used valuation methods including direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The valuation reports also include a clause on material valuation uncertainty that highlights the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future. Accordingly, values and incomes may change more rapidly than during standard market conditions and it is recommended that the valuation of the property is kept under frequent review. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

The fair values of investment properties of the Group and the Trust at the reporting date were \$3.12 billion (2019: \$3.16 billion) and \$1.55 billion (2019: \$1.57 billion), respectively.

The above fair values have been classified as Level 3 fair values based on the inputs to the valuation techniques used.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT (continued)

#### (d) Level 3 fair value measurements (continued)

The following table shows the key unobservable inputs in Level 3 fair value measurement used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment properties</i>		
Discounted cash flow approach, direct comparison approach and capitalisation approach	<ul style="list-style-type: none"> <li>Market rental growth ranges from 2.0% to 3.5% (2019: 1.5% to 6.8%) per annum.</li> </ul>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>expected market rental growth were higher/(lower);</li> </ul>
	<ul style="list-style-type: none"> <li>Adjusted price (psm) of \$667 to \$2,971 (2019: \$838 to \$1,981)</li> </ul>	<ul style="list-style-type: none"> <li>the adjusted price psm were higher/(lower);</li> </ul>
	<ul style="list-style-type: none"> <li>Risk-adjusted discount rates of 7.00% to 9.25% (2019: 7.50% to 8.00%)</li> </ul>	<ul style="list-style-type: none"> <li>the risk-adjusted discount rates were lower/(higher);</li> </ul>
	<ul style="list-style-type: none"> <li>Capitalisation rates of 5.00% to 7.35% (2019: 5.25% to 7.25%)</li> </ul>	<ul style="list-style-type: none"> <li>the capitalisation rates were lower/(higher); or</li> </ul>
	<ul style="list-style-type: none"> <li>Terminal yield rates of 5.25% to 7.25% (2019: 5.50% to 7.25%)</li> </ul>	<ul style="list-style-type: none"> <li>the terminal yield rates were lower/(higher)</li> </ul>

Key unobservable inputs correspond to:

- Market rental growth, adjusted price psm, capitalisation and terminal yield rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT (continued)

*(e) Assets and liabilities not measured at fair value for which fair value is disclosed*

The table below shows an analysis of other non-current assets and liabilities of the Group and the Trust not measured at fair value for which fair value is disclosed:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873
<b>2019</b>				
<b>Liabilities</b>				
Fixed rate notes	210,242	-	-	210,242
<b>Trust</b>				
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873
<b>2019</b>				
<b>Liabilities</b>				
Fixed rate notes	50,038	-	-	50,038
Loans from a subsidiary	-	160,204	-	160,204
	50,038	160,204	-	210,242

*Determination of fair value for fixed rate notes and loans from a subsidiary*

The fair values of the fixed rate notes are determined based on the quoted bid prices in an active market as at the reporting date. The fair values of the loans from a subsidiary are deemed to be the same as those of the fixed rate notes issued by the subsidiary as there is a back-to-back loan arrangement between the Trust and the subsidiary (Level 2).

*(f) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value*

The carrying amounts of the current financial assets and liabilities of the Group and the Trust approximated their fair values due to their short maturity period. The carrying amounts of the non-current floating rate borrowings of the Group and the Trust approximated their fair values.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 26. FAIR VALUE MEASUREMENT (continued)

#### (g) Classification of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>						
<b>2020</b>						
Trade and other receivables*	8	9,591	-	-	9,591	9,591
Cash and cash equivalents		18,101	-	-	18,101	18,101
Loans and borrowings	11	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	9	-	-	(78,998)	(78,998)	(78,998)
Derivative financial instruments	13	-	(38,578)	-	(38,578)	(38,578)
		27,692	(38,578)	(1,257,612)	(1,268,498)	(1,268,470)
<b>2019</b>						
Trade and other receivables*	8	9,393	-	-	9,393	9,393
Cash and cash equivalents		15,662	-	-	15,662	15,662
Loans and borrowings	11	-	-	(1,191,124)	(1,191,124)	(1,191,581)
Trade and other payables^	9	-	-	(61,853)	(61,853)	(61,853)
Derivative financial instruments	13	-	(22,276)	-	(22,276)	(22,276)
		25,055	(22,276)	(1,252,977)	(1,250,198)	(1,250,655)
<b>Trust</b>						
<b>2020</b>						
Trade and other receivables*	8	23,376	-	-	23,376	23,376
Cash and cash equivalents		8,556	-	-	8,556	8,556
Loans and borrowings	11	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	9	-	-	(43,197)	(43,197)	(43,197)
Derivative financial instruments	13	-	(38,578)	-	(38,578)	(38,578)
		31,932	(38,578)	(1,221,811)	(1,228,457)	(1,228,429)
<b>2019</b>						
Trade and other receivables*	8	20,144	-	-	20,144	20,144
Cash and cash equivalents		8,200	-	-	8,200	8,200
Loans and borrowings	11	-	-	(1,191,124)	(1,191,124)	(1,191,581)
Trade and other payables^	9	-	-	(33,749)	(33,749)	(33,749)
Derivative financial instruments	13	-	(22,276)	-	(22,276)	(22,276)
		28,344	(22,276)	(1,224,873)	(1,218,805)	(1,219,262)

\* Excludes prepayments.

^ Excludes rent received in advance and GST payable.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to credit risk, liquidity risk and interest rate risk.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group and the Trust, as and when they fall due.

The Manager has established credit limits for tenants and monitors the amounts receivable from tenants on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. In addition, the Group and the Trust require the tenants to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to the Group and the Trust. For cash and cash equivalents, the Group and the Trust minimise credit risk by dealing exclusively with high credit rating counterparties.

The Manager establishes an allowance for impairment loss, based on a specific loss component that relates to individually significant exposures, that represents its estimate of expected losses in respect of trade and other receivables.

#### Credit risk concentration profile

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment history with the Group. Cash deposits are placed with financial institutions which are reputable and regulated.

#### Financial assets that are past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 8 (Trade and other receivables). As at the reporting date, the Group and the Trust had no other financial assets which had been determined to be impaired and there are no allowances for impairment loss provided for.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities.

The Manager monitors the liquidity risk of the Group on an on-going basis. The Group's objective is to maintain a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. Typically, the Manager ensures that the Group has sufficient cash on demand and committed revolving credit facilities to meet expected operating expenses for a reasonable period, including the servicing of financial obligations; but this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

#### *Analysis of financial instruments by remaining contracted maturities*

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(175,641)	(866,336)	–	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	–	(138,331)
Medium Term Notes	(1,975)	(52,954)	–	(54,929)
Trade and other payables**	(53,928)	(19,729)	–	(73,657)
Amount due to non-controlling interest	(60,262)	–	–	(60,262)
Lease liabilities	(11,649)	(56,450)	(381,431)	(450,641)
	(337,370)	(1,099,885)	(381,431)	(1,819,797)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	–	(41,921)
	(356,154)	(1,123,022)	(381,431)	(1,861,718)
<b>2019</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(29,463)	(935,446)	–	(964,909)
Revolving credit facilities	(4,094)	(111,672)	–	(115,766)
Medium Term Notes	(165,115)	(54,935)	–	(220,050)
Trade and other payables**	(35,568)	(20,000)	–	(55,568)
Amount due to non-controlling interest	(61,444)	–	–	(61,444)
Lease liabilities	(11,637)	(46,548)	(401,551)	(459,736)
	(307,321)	(1,168,601)	(401,551)	(1,877,473)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(7,582)	(13,616)	–	(21,198)
	(314,903)	(1,182,217)	(401,551)	(1,898,671)

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Liquidity risk (continued)

Analysis of financial instruments by remaining contracted maturities (continued)

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Trust</b>				
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
<b>Term loan facilities</b>	(175,641)	(866,336)	–	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	–	(138,331)
Medium Term Notes	(1,975)	(52,954)	–	(54,929)
Trade and other payables**	(27,427)	(10,429)	–	(37,856)
Lease liabilities	(11,649)	(46,600)	(288,886)	(347,135)
	(250,607)	(1,080,735)	(288,886)	(1,620,228)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	–	(41,921)
	(269,391)	(1,103,872)	(288,886)	(1,662,149)
<b>2019</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(29,463)	(935,446)	–	(964,909)
Revolving credit facilities	(4,094)	(111,672)	–	(115,766)
Medium Term Notes	(1,975)	(54,935)	–	(56,910)
Loans from a subsidiary	(163,140)	–	–	(163,140)
Trade and other payables**	(17,772)	(10,484)	–	(28,256)
Lease liabilities	(11,637)	(46,548)	(303,802)	(361,987)
	(228,081)	(1,159,085)	(303,802)	(1,690,968)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(7,582)	(13,616)	–	(21,198)
	(235,663)	(1,172,701)	(303,802)	(1,712,166)

\* Excludes rent received in advance and GST payable.

+ Excludes interest and loan commitment fee payable, which are included in the respective debt facilities.

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of ensuring that the majority of the Group's exposures to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

As at the reporting date, the Group has entered into interest rate swap contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional amounts of the unsecured bank loans.

As at 31 December 2020, the Group has fixed 89.0% (2019: 88.8%) of its interest rate exposure by entering into interest rate swaps and fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges after taking into account the prevailing market conditions.

#### Sensitivity analysis for variable rate instruments

For the variable rate instruments, a change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) Unitholders' funds and total return by the amounts shown below. The analysis assumes that all other variables remain constant.

	Total Return		Unitholders' Funds	
	100 bps increase \$'000	100 bps decrease \$'000	100 bps increase \$'000	100 bps decrease \$'000
<b>Group</b>				
<b>2020</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(1,310)	1,310	(1,310)	1,310
<b>2019</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(1,350)	1,350	(1,350)	1,350

## Notes to the Financial Statements

For the financial year ended 31 December 2020

### 28. CAPITAL MANAGEMENT

The Manager's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt, equity and other financial instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest coverage and other ratios within approved limits.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS code. The CIS code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. As announced by the MAS on 16 April 2020, the Aggregate Leverage limit for Singapore REITs was raised temporarily with immediate effect from 45.0% to 50.0% to provide Singapore REITs with greater flexibility to manage their capital structure amid the challenging environment created by the COVID-19 pandemic. At the reporting date, the Aggregate Leverage of the Group was 41.6% (2019: 41.5%).

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Group's capital and debt management regularly so as to optimise the Group's funding structure to meet its investment opportunities. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

### 29. SEGMENT REPORTING

Segment information is presented based on the information reviewed by the Manager's Chief Operating Decision Makers ("CODMs") for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment — Leasing of investment properties. This forms the basis of identifying the operating segments of ESR-REIT under FRS 108 Operating Segments. No geographical segment information has been presented as all of the Group's investment properties are located in Singapore.

### 30. FINANCIAL RATIOS

	2020 %	2019 %
Expenses to weighted average net assets <sup>(1)</sup>		
– including performance component of management fees	1.14	1.14
– excluding performance component of management fees	1.14	1.14
Portfolio turnover rate <sup>(2)</sup>	–	0.38

<sup>(1)</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs and income tax expense.

<sup>(2)</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 31. SUBSEQUENT EVENTS

Subsequent to the reporting date, the following significant events occurred:

### *(a) New loan facility*

On 8 March 2021, the Trust entered into a \$320.0 million unsecured loan facility agreement with United Overseas Bank Limited, Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad and HSBC consisting of:

- Facility A: \$160.0 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
- Facility B: \$160.0 million committed revolving credit facility maturing in March 2025 at an interest margin plus SOR.

A total of \$212.0 million has been drawn down from the above loan facility to complete the refinancing of \$191.0 million of debt facilities ahead of their respective maturity dates in 2021 and for working capital purposes.

### *(b) Issuance of new Units*

On 15 February 2021, the Trust issued 1.9 million new Units amounting to approximately \$0.7 million at an issue price of \$0.4000 per Unit as partial payment for base management fees to the Manager.

## 32. COMPARATIVES

Certain comparative figures have been reclassified to conform with the presentation of the financial statements for the current financial year.

## 33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board on 18 March 2021.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF  
ESR-LOGOS REIT (FORMERLY KNOWN AS ESR-REIT  
AND CAMBRIDGE INDUSTRIAL TRUST)  
AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2021**

The information in this Appendix III has been extracted and reproduced from the audited consolidated financial statements of ESR-LOGOS REIT and its Subsidiaries for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

**Note:** Page references included in the audited consolidated financial statements of ESR-LOGOS REIT and its Subsidiaries for the financial year ended 31 December 2021 set forth in this Appendix refer to pages in such audited consolidated financial statements as they appear in the Group's annual report for the financial year ended 31 December 2021.

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of ESR-REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated investment properties portfolio statement of the Group and the statement of financial position and investment properties portfolio statement of the Trust as at 31 December 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"* issued by the Institute of Singapore Chartered Accountants and present fairly, in all material respects, the consolidated financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2021 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date.

### **Basis for opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

### **Key audit matters (cont'd)**

#### Valuation of investment properties held directly or through joint venture and investment at fair value through profit or loss

The Group's investments in property assets comprise investment properties held directly or through joint venture and investment in unquoted property fund. As at 31 December 2021, the respective carrying value of directly held investment properties is \$3.1 billion, investment in joint venture is \$40.7 million, and investment at fair value through profit or loss is \$66.5 million. These investment properties, held directly or indirectly, are stated at fair values based on independent external valuations.

The valuation of investment properties is considered a key audit matter because it requires significant judgement in the determination of the appropriate valuation methodology and the assumptions and estimates that are to be applied in the valuation. The valuation of the investment properties is highly sensitive to changes in the key assumptions applied. The prevailing COVID-19 pandemic continues to result in heightened estimation uncertainty. In this regard, the external valuers highlighted in their valuation reports that property values may change more significantly than during normal market conditions due to the unknown future impact COVID-19 may have on the real estate market.

We have assessed the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and the review of the valuation reports issued by the external valuers. We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the valuation methodologies adopted and compared them against those applied by other valuers for similar property types. We tested the key inputs in the projected cash flows and net operating income used in the valuation to supporting key information such as contractual terms of the leases and externally available industry and economic data. We assessed the reasonableness of key assumptions used in the valuations, including market rental growth, price per square metre, terminal yield, capitalisation and discount rates, by comparing them against current and historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures and, when necessary, held discussions with the valuers to understand the effects of additional factors taken into account in the valuations. We also discussed with the valuers on how the impact of COVID-19 has been considered and assessed whether the assumptions and market data used were reasonable in the context of the current environment.

We have reviewed the appropriateness of the disclosures in Notes 4 and 27 of the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

### ***Other information***

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Manager for the financial statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"* issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

## ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

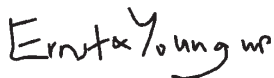
### *Auditor's responsibilities for the audit of the financial statements (cont'd)*

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.



**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

15 March 2022

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	3,146,010	3,119,058	1,585,914	1,551,337
Investments in subsidiaries	5	-	-	761,591	792,896
Investment in joint venture	6	40,714	38,018	40,714	38,018
Investment at fair value through profit or loss ("FVTPL")	7	66,542	-	66,542	-
Loans to subsidiaries	8	-	-	636,800	613,500
		<b>3,253,266</b>	<b>3,157,076</b>	<b>3,091,561</b>	<b>2,995,751</b>
<b>Current assets</b>					
Trade and other receivables	9	23,085	12,216	33,421	23,492
Cash and cash equivalents		24,150	18,101	14,164	8,556
		<b>47,235</b>	<b>30,317</b>	<b>47,585</b>	<b>32,048</b>
Investment properties held for divestment	4	29,264	-	29,264	-
		<b>76,499</b>	<b>30,317</b>	<b>76,849</b>	<b>32,048</b>
<b>Total assets</b>		<b>3,329,765</b>	<b>3,187,393</b>	<b>3,168,410</b>	<b>3,027,799</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	10	64,308	62,347	39,245	34,124
Lease liabilities for leasehold land	11	2,717	2,770	2,717	2,770
Interest-bearing borrowings	12	209,439	190,467	209,439	190,467
Derivative financial instruments	14	3,707	3,332	3,707	3,332
Amount due to non-controlling interest	13	62,036	60,262	-	-
		<b>342,207</b>	<b>319,178</b>	<b>255,108</b>	<b>230,693</b>
Liabilities directly attributable to investment properties held for divestment		6,373	-	6,373	-
		<b>348,580</b>	<b>319,178</b>	<b>261,481</b>	<b>230,693</b>
<b>Non-current liabilities</b>					
Trade and other payables	10	20,283	19,729	9,467	10,429
Lease liabilities for leasehold land	11	218,593	226,988	155,097	162,867
Interest-bearing borrowings	12	981,413	988,147	981,413	988,147
Derivative financial instruments	14	9,946	35,246	9,946	35,246
Deferred tax liabilities	22	1,867	-	1,867	-
		<b>1,232,102</b>	<b>1,270,110</b>	<b>1,157,790</b>	<b>1,196,689</b>
<b>Total liabilities</b>		<b>1,580,682</b>	<b>1,589,288</b>	<b>1,419,271</b>	<b>1,427,382</b>
<b>Net assets</b>		<b>1,749,083</b>	<b>1,598,105</b>	<b>1,749,139</b>	<b>1,600,417</b>
Represented by:					
Unitholders' funds		1,597,968	1,446,990	1,598,024	1,449,302
Perpetual securities holders' funds	15	151,115	151,115	151,115	151,115
		<b>1,749,083</b>	<b>1,598,105</b>	<b>1,749,139</b>	<b>1,600,417</b>
<b>Units in issue ('000)</b>	16	<b>4,030,257</b>	<b>3,576,362</b>	<b>4,030,257</b>	<b>3,576,362</b>
<b>Net asset value per Unit (cents)</b>		<b>39.6</b>	<b>40.5</b>	<b>39.7</b>	<b>40.5</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2021

	Note	Group	
		2021 \$'000	2020 \$'000
<b>Gross revenue</b>	17	<b>241,286</b>	229,924
Property expenses	18	<b>(68,025)</b>	(65,717)
Net property income		<b>173,261</b>	164,207
Income from investment at FVTPL		<b>1,536</b>	-
Interest income		<b>20</b>	17
Management fees	19	<b>(14,840)</b>	(14,639)
Trust expenses	20	<b>(2,772)</b>	(8,653)
Borrowing costs	21	<b>(43,889)</b>	(45,246)
Finance costs on lease liabilities for leasehold land	11	<b>(11,825)</b>	(11,575)
<b>Net income</b>		<b>101,491</b>	84,111
Foreign exchange gain		<b>3,125</b>	-
Change in fair value of investment at FVTPL		<b>9,312</b>	-
Change in fair value of financial derivatives		<b>24,925</b>	(16,302)
Change in fair value of investment properties		<b>(40,381)</b>	(59,704)
Change in fair value of right-of-use of leasehold land	11	<b>1,588</b>	1,629
Share of results of joint venture	6	<b>7,701</b>	3,010
<b>Total return for the year before income tax</b>		<b>107,761</b>	12,744
Income tax expense	22	<b>(2,162)</b>	(12)
<b>Total return for the year after income tax</b>		<b>105,599</b>	12,732
<b>Attributable to:</b>			
Unitholders of the Trust and perpetual securities holders		<b>101,521</b>	9,689
Non-controlling interest		<b>4,078</b>	3,043
<b>Total return for the year</b>		<b>105,599</b>	12,732
<b>Earnings per Unit (cents)</b>			
Basic and diluted	23	<b>2.481</b>	0.079
<b>Distribution per Unit (cents)</b>	23	<b>2.987</b>	2.800

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## DISTRIBUTION STATEMENT

For the financial year ended 31 December 2021

	Group	
	2021 \$'000	2020 \$'000
Total return after income tax, before distribution for the year	101,521	9,689
Add: Distribution adjustments (Note A)	18,947	96,357
	120,468	106,046
Amount reserved for distributions to perpetual securities holders	(6,900)	(6,919)
<b>Net income available for distribution to Unitholders</b>	<b>113,568</b>	<b>99,127</b>
<b>Total amount available for distribution comprising:</b>		
- Taxable income	113,568	99,127
- Tax-exempt income	183	-
- Capital distribution	642	-
	114,393	99,127
Less: Distributions (Note B)	(85,323)	(69,179)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>29,070</b>	<b>29,948</b>
<b>Note A – Distribution adjustments</b>		
<b>Non-tax deductible/(chargeable) items and other adjustments:</b>		
Management fees paid/payable in Units	6,033	5,280
Property Manager's fees paid/payable in Units	2,872	2,051
Trustee's fees	595	544
Amortisation of transaction costs relating to debt facilities	7,261	5,947
Unrealised foreign exchange gain	(3,134)	-
Change in fair value of investment at FVTPL	(9,312)	-
Change in fair value of investment properties	40,381	59,704
Change in fair value of financial derivatives	(24,925)	16,302
Legal and professional fees	95	4,800
Adjustment for straight line rent and lease incentives	(1,140)	(737)
Share of results of joint venture	(7,701)	(3,010)
Distributable income from joint venture	5,937	4,798
Foreign sourced income, net of tax	(1,403)	-
Withholding tax paid for capital gain	209	-
Deferred tax expense	1,867	-
Miscellaneous expenses	850	1,443
Non-controlling interest share of non-tax deductible items	572	(812)
Net profit from non-tax transparent Singapore subsidiaries	(149)	-
Rollover adjustment from prior years	(171)	47
Interest expense adjustment	210	-
<b>Net effect of distribution adjustments</b>	<b>18,947</b>	<b>96,357</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## DISTRIBUTION STATEMENT

For the financial year ended 31 December 2021

### Note B – Distributions

	Group	
	2021	2020
	\$'000	\$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.712 cents per Unit for the period from 1/7/2021 to 30/9/2021	28,532	–
Distribution of 0.344 cents per Unit for the period from 18/5/2021 to 30/6/2021	13,338	–
Distribution of 0.410 cents per Unit for the period from 1/4/2021 to 17/5/2021	14,724	–
Distribution of 0.800 cents per Unit for the period from 1/1/2021 to 31/3/2021	28,729	–
Distribution of 0.798 cents per Unit for the period from 1/7/2020 to 30/9/2020	–	28,274
Distribution of 0.662 cents per Unit for the period from 1/4/2020 to 30/6/2020	–	23,375
Distribution of 0.500 cents per Unit for the period from 1/1/2020 to 31/3/2020	–	17,530
	<b>85,323</b>	69,179
Distribution of 0.840 cents per Unit for the period from 1/10/2020 to 31/12/2020	30,041	–
Distribution of 0.855 cents per Unit for the period from 14/10/2019 to 31/12/2019	–	29,817
	<b>115,364</b>	98,996
Total distributions to Unitholders during the financial year <sup>1</sup>	<b>115,364</b>	98,996

<sup>1</sup> Distributions were partly paid by ESR-REIT issuing an aggregate of 43.5 million Units amounting to \$18.6 million (2020: 66.0 million Units amounting to \$26.0 million), pursuant to the Distribution Reinvestment Plan.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2021

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>1,446,990</b>	1,508,576	<b>1,449,302</b>	1,530,318
<b>Operations</b>				
Total return/(loss) for the year after tax attributable to Unitholders and perpetual securities holders	<b>101,521</b>	9,689	<b>99,265</b>	(9,741)
Less: Amount reserved for distribution to perpetual securities holders	<b>(6,900)</b>	(6,919)	<b>(6,900)</b>	(6,919)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>94,621</b>	2,770	<b>92,365</b>	(16,660)
<b>Unitholders' transactions</b>				
Management fees paid in Units	<b>7,377</b>	8,887	<b>7,377</b>	8,887
Units issued through Distribution Reinvestment Plan	<b>18,572</b>	25,972	<b>18,572</b>	25,972
Private placement	<b>100,000</b>	-	<b>100,000</b>	-
Preferential offering	<b>49,629</b>	-	<b>49,629</b>	-
Equity issue costs pursuant to: (Note 24)				
– Distribution Reinvestment Plan	<b>(400)</b>	(399)	<b>(400)</b>	(399)
– Private placement	<b>(2,239)</b>	15	<b>(2,239)</b>	15
– Preferential offering	<b>(1,218)</b>	165	<b>(1,218)</b>	165
Distributions to Unitholders	<b>(115,364)</b>	(98,996)	<b>(115,364)</b>	(98,996)
<b>Net increase/(decrease) in Unitholders' funds resulting from Unitholders' transactions</b>	<b>56,357</b>	(64,356)	<b>56,357</b>	(64,356)
<b>Balance at end of the year</b>	<b>1,597,968</b>	1,446,990	<b>1,598,024</b>	1,449,302
<b>Perpetual Securities Holders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>151,115</b>	151,115	<b>151,115</b>	151,115
Amount reserved for distribution to perpetual securities holders	<b>6,900</b>	6,919	<b>6,900</b>	6,919
Distributions to perpetual securities holders	<b>(6,900)</b>	(6,919)	<b>(6,900)</b>	(6,919)
<b>Balance at end of the year</b>	<b>151,115</b>	151,115	<b>151,115</b>	151,115
<b>Total</b>	<b>1,749,083</b>	1,598,105	<b>1,749,139</b>	1,600,417

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust</b>				
<b>Logistics/Warehousing Properties<sup>1</sup></b>				
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	10 <sup>5</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 <sup>6</sup>	25 Changi South Ave 2 Singapore 486594
160 KALLANG WAY	Leasehold	30+30	11 <sup>7</sup>	160 Kallang Way Singapore 349246
+ 3C TOH GUAN ROAD EAST	Leasehold	30+30	- <sup>8</sup>	3C Toh Guan Road East Singapore 608832
4/6 CLEMENTI LOOP	Leasehold	30+30	32 <sup>9</sup>	4/6 Clementi Loop Singapore 129810 and 129814
24 JURONG PORT ROAD	Leasehold	30+12	15 <sup>10</sup>	24 Jurong Port Road Singapore 619097
3 PIONEER SECTOR 3	Leasehold	30+30	29 <sup>11</sup>	3 Pioneer Sector 3 Singapore 628342
15 GREENWICH DRIVE	Leasehold	30	20 <sup>12</sup>	15 Greenwich Drive Singapore 534022
46A TANJONG PENJURU	Leasehold	30+14	28 <sup>61</sup>	46A Tanjong Penjuru
<b>Total Logistics/Warehousing Properties held by the Trust</b>				
<b>General Industrial Properties<sup>2</sup></b>				
70 SELETAR AEROSPACE VIEW	Leasehold	30	20 <sup>13</sup>	70 Seletar Aerospace View Singapore 797564
30 TeBAN GARDENS CRESCENT	Leasehold	10+22	17 <sup>14</sup>	30 Teban Gardens Crescent Singapore 608927
30 TOH GUAN ROAD	Leasehold	30+30	34 <sup>16</sup>	30 Toh Guan Road Singapore 608840
128 JOO SENG ROAD	Leasehold	30+30	30 <sup>17</sup>	128 Joo Seng Road Singapore 368356
130 JOO SENG ROAD	Leasehold	30+30	30 <sup>18</sup>	130 Joo Seng Road Singapore 368357
136 JOO SENG ROAD	Leasehold	30+30	29 <sup>19</sup>	136 Joo Seng Road Singapore 368360
+ 11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	- <sup>20</sup>	11 Serangoon North Avenue 5 Singapore 554809
79 TUAS SOUTH STREET 5	Leasehold	30+30	38 <sup>21</sup>	79 Tuas South Street 5 Singapore 637604

**Balance carried forward**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
100	100	10,300	10,400	0.59	0.72
100	100	12,000	12,200	0.69	0.84
100	100	24,400	25,100	1.40	1.73
-	76	-	30,500	-	2.11
92	76	39,200	39,200	2.24	2.71
98	96	85,700	85,200	4.90	5.89
93	99	98,100	96,200	5.61	6.65
100	100	93,500	96,500	5.35	6.67
100	-	119,600	-	6.84	-
		<b>482,800</b>	<b>395,300</b>	<b>27.62</b>	<b>27.32</b>
-	100	7,000	7,300	0.40	0.50
100	100	30,500	30,500	1.74	2.11
97	95	60,800	58,400	3.48	4.04
96	96	11,700	11,700	0.67	0.81
100	100	15,300	15,300	0.87	1.06
100	100	12,600	12,600	0.72	0.87
-	85	-	20,000	-	1.38
100	100	10,700	10,700	0.61	0.74
		<b>148,600</b>	<b>166,500</b>	<b>8.49</b>	<b>11.51</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (cont'd)</b>				
<b>General Industrial Properties (cont'd)</b>				
<b>Balance brought forward</b>				
31 TUAS AVENUE 11	Leasehold	30+30	32 <sup>22</sup>	31 Tuas Avenue 11 Singapore 639105
1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	39/44 <sup>23</sup>	1/2 Changi North Street 2 Singapore 498808/498775
9 TUAS VIEW CRESCENT	Leasehold	30+30	37 <sup>24</sup>	9 Tuas View Crescent Singapore 637612
^ 28 SENOKO DRIVE	Leasehold	30+30	18 <sup>25</sup>	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 <sup>26</sup>	31 Changi South Avenue 2 Singapore 486478
22 CHIN BEE DRIVE	Leasehold	30	14 <sup>27</sup>	22 Chin Bee Drive Singapore 619870
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	35 <sup>47</sup>	54 Serangoon North Avenue 4 Singapore 555854
2 TUAS SOUTH AVENUE 2	Leasehold	60	37 <sup>28</sup>	2 Tuas South Ave 2 Singapore 637601
21B SENOKO LOOP	Leasehold	30+30	31 <sup>29</sup>	21B Senoko Loop Singapore 758171
60 TUAS SOUTH STREET 1	Leasehold	30	13 <sup>30</sup>	60 Tuas South Street 1 Singapore 639925
5/7 GUL STREET 1	Leasehold	29.5	16 <sup>31</sup>	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	34 <sup>32</sup>	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	45 <sup>33</sup>	25 Pioneer Crescent Singapore 628554
11 WOODLANDS WALK	Leasehold	30+30	34 <sup>34</sup>	11 Woodlands Walk Singapore 738265
43 TUAS VIEW CIRCUIT	Leasehold	30	16 <sup>35</sup>	43 Tuas View Circuit Singapore 637360
13 JALAN TERUSAN	Leasehold	28	13 <sup>36</sup>	13 Jalan Terusan Singapore 619293
160A GUL CIRCLE	Leasehold	27	19 <sup>37</sup>	160A Gul Circle Singapore 629618
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	37 <sup>38</sup>	3 Tuas South Avenue 4 Singapore 637610
<b>Balance carried forward</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
		<b>148,600</b>	<i>166,500</i>	<b>8.49</b>	<i>11.51</i>
<b>100</b>	100	<b>12,100</b>	12,100	<b>0.69</b>	0.84
<b>100</b>	100	<b>22,400</b>	22,400	<b>1.28</b>	1.55
<b>-</b>	100	<b>10,000</b>	10,000	<b>0.57</b>	0.69
<b>100</b>	100	<b>11,916</b>	13,600	<b>0.68</b>	0.94
<b>100</b>	100	<b>13,300</b>	13,200	<b>0.76</b>	0.91
<b>-</b>	<b>-</b>	<b>13,900</b>	14,300	<b>0.79</b>	0.99
<b>99</b>	99	<b>22,900</b>	22,000	<b>1.31</b>	1.52
<b>100</b>	100	<b>36,700</b>	36,700	<b>2.10</b>	2.54
<b>-</b>	100	<b>22,800</b>	27,500	<b>1.30</b>	1.90
<b>100</b>	100	<b>4,100</b>	4,100	<b>0.23</b>	0.28
<b>63</b>	66	<b>13,900</b>	13,900	<b>0.79</b>	0.96
<b>100</b>	100	<b>17,300</b>	17,300	<b>0.99</b>	1.20
<b>100</b>	100	<b>16,400</b>	16,400	<b>0.94</b>	1.13
<b>100</b>	100	<b>17,600</b>	17,400	<b>1.01</b>	1.20
<b>100</b>	100	<b>17,400</b>	17,400	<b>0.99</b>	1.20
<b>100</b>	100	<b>25,000</b>	25,000	<b>1.43</b>	1.73
<b>82</b>	82	<b>13,700</b>	13,700	<b>0.78</b>	0.95
<b>100</b>	100	<b>43,200</b>	43,000	<b>2.47</b>	2.97
		<b>483,216</b>	<i>506,500</i>	<b>27.6</b>	<i>35.01</i>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (cont'd)</b>				
<b>General Industrial Properties (cont'd)</b>				
<b>Balance brought forward</b>				
8 TUAS SOUTH LANE	Leasehold	30+16	32 <sup>39</sup>	8 Tuas South Lane Singapore 637302
120 PIONEER ROAD	Leasehold	30+28	33 <sup>40</sup>	120 Pioneer Road Singapore 639597
^ 45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 <sup>41</sup>	45 Changi South Avenue 2 Singapore 486133
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/ 30+30	32/32 <sup>42</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736
86/88 INTERNATIONAL ROAD	Leasehold	30+30	33 <sup>43</sup>	86/88 International Road Singapore 629176/629177
<b>Total General Industrial Properties held by the Trust</b>				
<b>High-Specs Industrial Properties<sup>3</sup></b>				
21/23 UBI ROAD 1	Leasehold	30+30	35 <sup>44</sup>	21/23 Ubi Road 1 Singapore 408724/408725
2 JALAN KILANG BARAT	Leasehold	99	41 <sup>45</sup>	2 Jalan Kilang Barat Singapore 159346
11 CHANG CHARN ROAD	Leasehold	99	35 <sup>46</sup>	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	29 <sup>48</sup>	12 Ang Mo Kio Street 65 Singapore 569060
16 TAI SENG STREET	Leasehold	30+30	46 <sup>15</sup>	16 Tai Seng Street Singapore 534138
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	28 <sup>49</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
<b>Total High-Specs Industrial Properties held by the Trust</b>				
<b>Business Park Properties<sup>4</sup></b>				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	35 <sup>50</sup>	16 International Business Park Singapore 609929
<b>Total Business Park Properties held by the Trust</b>				
<b>Total Properties held by the Trust</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 %	2020 %
			<b>483,216</b>	<i>506,500</i>	<b>27.6</b>	<i>35.01</i>
<b>100</b>	92		<b>103,700</b>	103,700	<b>5.93</b>	7.17
<b>84</b>	66		<b>36,500</b>	36,500	<b>2.09</b>	2.52
<b>68</b>	68		<b>10,975</b>	10,300	<b>0.63</b>	0.71
<b>79</b>	59		<b>25,900</b>	25,600	<b>1.48</b>	1.77
<b>100</b>	100		<b>40,500</b>	39,800	<b>2.32</b>	2.75
			<b>700,791</b>	<b>722,400</b>	<b>40.05</b>	<b>49.93</b>
<b>82</b>	83		<b>36,500</b>	36,400	<b>2.09</b>	2.52
<b>100</b>	77		<b>28,800</b>	28,500	<b>1.65</b>	1.97
<b>39</b>	42		<b>28,100</b>	28,500	<b>1.61</b>	1.97
<b>91</b>	91		<b>37,000</b>	37,600	<b>2.12</b>	2.60
<b>40</b>	73		<b>58,500</b>	58,500	<b>3.34</b>	4.04
<b>100</b>	100		<b>46,000</b>	46,500	<b>2.63</b>	3.21
			<b>234,900</b>	<b>236,000</b>	<b>13.44</b>	<b>16.31</b>
<b>100</b>	100		<b>32,500</b>	32,000	<b>1.86</b>	2.21
			<b>32,500</b>	<b>32,000</b>	<b>1.86</b>	<b>2.21</b>
			<b>1,450,991</b>	<b>1,385,700</b>	<b>82.97</b>	<b>95.77</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By Subsidiaries</b>				
<b>Logistics/Warehousing Properties<sup>1</sup></b>				
6 CHIN BEE AVENUE	Leasehold	30	22 <sup>51</sup>	6 Chin Bee Avenue Singapore 619930
30 PIONEER ROAD	Leasehold	30	15 <sup>52</sup>	30 Pioneer Road Singapore 628502
<b>Total Logistics/Warehousing Properties held by subsidiaries</b>				
<b>General Industrial Properties<sup>2</sup></b>				
11 UBI ROAD 1	Leasehold	30+30/ 21+30	34 <sup>54</sup>	11 Ubi Road 1 Singapore 408723
29 TAI SENG STREET	Leasehold	30+30	45 <sup>55</sup>	29 Tai Seng Street Singapore 534120
11 LORONG 3 TOA PAYOH	Leasehold	60	7 <sup>56</sup>	11 Lorong 3 Toa Payoh Singapore 319579
81 TUAS BAY DRIVE	Leasehold	60	45 <sup>57</sup>	81 Tuas Bay Drive Singapore 637308
<b>Total General Industrial Properties held by subsidiaries</b>				
<b>High-Specs Industrial Properties<sup>3</sup></b>				
19 TAI SENG AVENUE	Leasehold	30+30	46 <sup>53</sup>	19 Tai Seng Avenue Singapore 534054
# 7000 ANG MO KIO AVENUE <sup>5</sup>	Leasehold	32+30	35 <sup>58</sup>	7000 Ang Mo Kio Avenue 5 Singapore 569877
<b>Total High-Specs Industrial Properties held by subsidiaries</b>				
<b>Business Park Properties<sup>4</sup></b>				
750 – 750E CHAI CHEE ROAD	Leasehold	60/43	9/9 <sup>59</sup>	750 to 750E Chai Chee Road Singapore 469000
6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 <sup>60</sup>	6/8 Changi Business Park Avenue 1 Singapore 486017
2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 <sup>60</sup>	2/4 Changi Business Park Avenue 1 Singapore 486015
<b>Total Business Park Properties held by subsidiaries</b>				
<b>Total Properties held by subsidiaries</b>				
<b>Total Properties held by the Group</b>				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
100	100	96,400	96,400	5.51	6.66
100	100	41,400	41,400	2.37	2.86
		<b>137,800</b>	<b>137,800</b>	<b>7.88</b>	<b>9.52</b>
100	100	87,500	87,300	5.00	6.03
100	100	35,500	35,500	2.03	2.45
75	84	48,700	51,500	2.78	3.56
100	100	28,000	28,000	1.60	1.94
		<b>199,700</b>	<b>202,300</b>	<b>11.41</b>	<b>13.98</b>
76	27	49,300	44,800	2.82	3.10
97	97	306,200	302,500	17.51	20.91
		<b>355,500</b>	<b>347,300</b>	<b>20.33</b>	<b>24.01</b>
81	80	257,600	278,200	14.72	19.23
57	53	381,000	373,000	21.78	25.78
100	100	165,000	165,000	9.43	11.40
		<b>803,600</b>	<b>816,200</b>	<b>45.93</b>	<b>56.41</b>
		<b>1,496,600</b>	<b>1,503,600</b>	<b>85.55</b>	<b>103.92</b>
		<b>2,947,591</b>	<b>2,889,300</b>	<b>168.52</b>	<b>199.69</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

			Percentage of Net assets attributable to Unitholders	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<b>Trust</b>				
Investment properties, at valuation (Note 4)	1,450,991	1,385,700	90.80	95.61
Other assets and liabilities (net)	298,148	214,717	18.66	14.82
Net assets of the Trust	1,749,139	1,600,417	109.46	110.43
Perpetual securities holders' funds	(151,115)	(151,115)	(9.46)	(10.43)
Net assets attributable to Unitholders' Funds	1,598,024	1,449,302	100.00	100.00
<b>Group</b>				
Investment properties, at valuation (Note 4)	2,947,591	2,889,300	184.46	199.68
Other assets and liabilities (net)	(1,198,508)	(1,291,195)	(75.00)	(89.23)
Net assets of the Group	1,749,083	1,598,105	109.46	110.45
Perpetual securities holders' funds	(151,115)	(151,115)	(9.46)	(10.45)
Net assets attributable to Unitholders' Funds	1,597,968	1,446,990	100.00	100.00

	Independent Valuation	
	2021 \$'000	2020 \$'000

As disclosed in the Statement of Financial Position:

<b>Trust</b>		
Investment properties (non-current)	1,585,914	1,551,337
Investment properties held for divestment (current)	29,264	-
Less: Right-of-use assets (Note 4)	(164,187)	(165,637)
<b>Total investment properties, at valuation</b>	<b>1,450,991</b>	<b>1,385,700</b>
<b>Group</b>		
Investment properties (non-current)	3,146,010	3,119,058
Investment properties held for divestment (current)	29,264	-
Less: Right-of-use assets (Note 4)	(227,683)	(229,758)
<b>Total investment properties, at valuation</b>	<b>2,947,591</b>	<b>2,889,300</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

## Notes:

- <sup>1</sup> Logistics/Warehousing properties are typically equipped with high floor loading and also have a high floor-to-ceiling height. Such buildings can be either single-storey or multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.
  - <sup>2</sup> General Industrial properties can be single or multi-storey facilities dedicated to general industrial, manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.
  - <sup>3</sup> High-specs Industrial properties are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
  - <sup>4</sup> Business Parks are clusters of buildings and offices typically dedicated to business activities relating to high-technology, research and development (R&D) value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
  - <sup>5</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
  - <sup>6</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
  - <sup>7</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
  - <sup>8</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
  - <sup>9</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
  - <sup>10</sup> ESR-REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
  - <sup>11</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
  - <sup>12</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
  - <sup>13</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
  - <sup>14</sup> ESR-REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
  - <sup>15</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
  - <sup>16</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
  - <sup>17</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
  - <sup>18</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
  - <sup>19</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
  - <sup>20</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
  - <sup>21</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
  - <sup>22</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
  - <sup>23</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
  - <sup>24</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
  - <sup>25</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
  - <sup>26</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
  - <sup>27</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
  - <sup>28</sup> ESR-REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
  - <sup>29</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
  - <sup>30</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
  - <sup>31</sup> ESR-REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
  - <sup>32</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - <sup>33</sup> ESR-REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
  - <sup>34</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - <sup>35</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
  - <sup>36</sup> ESR-REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
  - <sup>37</sup> ESR-REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
  - <sup>38</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
  - <sup>39</sup> ESR-REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
  - <sup>40</sup> ESR-REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
  - <sup>41</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
  - <sup>42</sup> ESR-REIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 year lease commencing from 1 December 1993 for 513 Yishun.
  - <sup>43</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
  - <sup>44</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
  - <sup>45</sup> ESR-REIT holds the remainder of a 99 year lease commencing from 1 July 1963.
  - <sup>46</sup> ESR-REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
  - <sup>47</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
  - <sup>48</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
  - <sup>49</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
  - <sup>50</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
  - <sup>51</sup> Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
  - <sup>52</sup> Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.
  - <sup>53</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
  - <sup>54</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 September 1995 for Plot 1 and 21+30 year lease commencing from 1 September 2004 for Plot 2.
  - <sup>55</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.
  - <sup>56</sup> Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.
  - <sup>57</sup> Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.
  - <sup>58</sup> 7000 AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.
  - <sup>59</sup> Viva Trust holds the remainder of a 60 year lease commencing from 1 April 1971 for Plot 1: Lot 8134N Mukim 27 and 43 year lease commencing from 1 March 1988 for Plot 2: Lot 7837V Mukim 27.
  - <sup>60</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.
  - <sup>61</sup> ESR-REIT holds the remainder of a 30+14 year lease commencing from 1 May 2006.
- <sup>+</sup> Property divested during the financial year.  
<sup>^</sup> Property classified as held for divestment at year-end.  
<sup>#</sup> Property is on 100% basis which includes a 20% non-controlling interest.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Investment properties comprise a diversified portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multi-tenancy and the tenancies range from two to twenty-five years for single tenancy and five months to fifteen years for multi-tenancy.

An independent valuation exercise was conducted for all the investment properties in December 2021 by Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Cushman & Wakefield VHS Pte Ltd. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flows method in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

As at 31 December 2021, the valuations adopted for investment properties amounted to \$2.95 billion (2020: \$2.89 billion). The net fair value loss on investment properties recognised in the Statement of Total Return is \$40.4 million (2020: \$59.7 million). The investment properties are fully unencumbered as at 31 December 2021 and 2020.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Total return before income tax for the year	107,761	12,744
Adjustments for:		
Interest income	(20)	(17)
Unrealised foreign exchange gain	(3,134)	-
Borrowing costs	43,889	45,246
Management fees paid/payable in Units	6,033	5,280
Property Manager's fees paid/payable in Units	2,872	2,051
Share of results of joint venture	(7,701)	(3,010)
Finance costs on lease liabilities for leasehold land	11,825	11,575
Income from investment at FVTPL	(1,536)	-
Change in fair value of financial derivatives	(24,925)	16,302
Change in fair value of investment properties	40,381	59,704
Change in fair value of right-of-use of leasehold land	(1,588)	(1,629)
Change in fair value of investment at FVTPL	(9,312)	-
<b>Operating income before working capital changes</b>	<b>164,545</b>	<b>148,246</b>
Changes in working capital:		
Trade and other receivables	(10,735)	(717)
Trade and other payables	(341)	13,924
<b>Cash generated from operating activities</b>	<b>153,469</b>	<b>161,453</b>
Income tax paid	(698)	(11)
<b>Net cash generated from operating activities</b>	<b>152,771</b>	<b>161,442</b>
<b>Cash flows from investing activities</b>		
Interest received	20	17
Capital expenditure on investment properties	(28,477)	(10,939)
Acquisition of investment at FVTPL	(64,979)	-
Acquisition of an investment property	(124,292)	-
Deposits received for investment properties held for divestment	1,210	-
Proceeds from disposal of investment properties	52,760	-
Dividend received from joint venture	5,004	4,798
Income from investment at FVTPL	1,536	-
Return of capital from investment at FVTPL	7,882	-
<b>Net cash used in investing activities</b>	<b>(149,336)</b>	<b>(6,124)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Group	
	2021 \$'000	2020 \$'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new Units	149,629	-
Finance costs paid	(44,279)	(44,769)
Equity issue costs paid	(3,707)	(374)
Proceeds from borrowings	548,630	361,000
Repayment of borrowings	(531,985)	(375,000)
Loan from non-controlling interest	1,200	-
Distributions paid to Unitholders (Note A)	(96,792)	(73,024)
Distributions paid to perpetual securities holders	(6,900)	(6,919)
Distributions paid to non-controlling interest	(2,941)	(3,847)
Payment of interest portion of lease liabilities for leasehold land	(8,097)	(8,023)
Payment of principal portion of lease liabilities for leasehold land	(2,141)	(1,923)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,617</b>	<b>(152,879)</b>
Net increase in cash and cash equivalents	6,052	2,439
Cash and cash equivalents at 1 January	18,101	15,662
Effect of exchange rate fluctuations on cash held	(3)	-
<b>Cash and cash equivalents at 31 December</b>	<b>24,150</b>	<b>18,101</b>

**Note:**

**(A) Distributions paid to Unitholders**

Distributions during the year ended 31 December 2021 were partially paid by issuing an aggregate of 43.5 million new Units (2020: 66.0 million new Units) amounting to \$18.6 million (2020: \$26.0 million) pursuant to the Distribution Reinvestment Plan.

	Group	
	2021 \$'000	2020 \$'000
Distributions paid to Unitholders	(115,364)	(98,996)
Distributions paid in Units pursuant to Distribution Reinvestment Plan	18,572	25,972
Net distributions paid to Unitholders in cash	<b>(96,792)</b>	<b>(73,024)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL

ESR-REIT (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between ESR Funds Management (S) Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, ESR-REIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, ESR-REIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, ESR-REIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Trust and its subsidiaries.

The principal activity of ESR-REIT is to invest in a diversified portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activities of the subsidiaries and joint venture are set out in Note 5 and Note 6 to the financial statements.

The Trustee and Perpetual (Asia) Limited (the "Sub-trust trustee"), in its capacity as the trustee of Viva Trust (the "Sub-trust"), have entered into several service agreements in relation to the management of ESR-REIT and its Sub-trust and their property operations.

The fee structures for these services are as follows:

### (A) Trustee's fees

#### *The Trust*

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the deposited property of ESR-REIT, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.016% per annum of the value of the Group's deposited property, excluding the deposited property of the Sub-trust. In addition, the Trustee charges a sub-trust administration fee of \$7,000 per month in respect of Viva Trust.

#### *The Sub-trust*

Pursuant to the trust deed entered into by the Manager and the Sub-trust Trustee, the fees of the Sub-trust Trustee shall not exceed 0.1% per annum of the value of the deposited property of Viva Trust, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Sub-trust Trustee from time to time. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the deposited property of the Sub-trust, subject to a minimum fee of \$15,000 per month.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 1. GENERAL (CONT'D)

#### (B) Management fees

Under the Trust Deed, the Manager is entitled to receive a base fee and performance fee as follows:

- (a) base fee ("Base Fee") of 0.5% per annum of the value of the deposited property or such higher percentage as may be fixed by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provision of the Trust Deed; and
- (b) performance fee ("Performance Fee"), computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of Units in issue for such financial year, provided that the Highest DPU Threshold is achieved.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable ("Highest DPU Threshold"). Whenever a Performance Fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a Performance Fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculating the Performance Fee, the Highest DPU Threshold is initially set at 6,000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of deposited property as at the end of the financial year (referred to as the "annual fee cap").

#### (C) Acquisition and disposal fees

Under the Trust Deed, the Manager is also entitled to receive the following fees:

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
  - (i) the purchase price, excluding GST, of any real estate acquired, whether directly by ESR-REIT or indirectly through a special purpose vehicle;
  - (ii) the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate) where ESR-REIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - ESR-REIT shall hold or invest in at least 50% of the equity of such entity; or
    - if ESR-REIT holds or invests in 30% or more but less than 50% of the equity of such entity, ESR-REIT shall have management control of the underlying real estate and/or such entity;

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 1. GENERAL (CONT'D)

#### (C) Acquisition and disposal fees (cont'd)

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting (cont'd):
  - (iii) the value of any shareholder's loan extended by ESR-REIT to the entity referred to in paragraph (ii) above, provided that the provision in paragraph (ii) is complied with; and
  - (iv) the value of any investment by ESR-REIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (ii)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (b) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
  - (i) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(a)(i) above for the acquisition fee;
  - (ii) in relation to an investment of the type referred to in paragraph (C)(a)(ii) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate);
  - (iii) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(a)(iii) above for the acquisition fee; and
  - (iv) the value of an investment referred to in paragraph (C)(a)(iv) above for the acquisition fee.

The Manager may opt to receive acquisition and disposal fees in the form of cash or Units or a combination of cash and Units as it may determine.

#### (D) Development management fee

Pursuant to the amended and restated Trust Deed as approved and adopted by the Unitholders at the extraordinary general meeting held on 12 September 2019, the Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT, subject to the following:

- (a) when the estimated total project costs are greater than \$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee payable to the Manager, and the Manager may be directed by its independent directors to reduce the development management fee;
- (b) in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the development management fee, the Manager's independent directors shall have the discretion to direct the Manager to reduce the development management fee to such amount which is less than 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT; and

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 1. GENERAL (CONT'D)

#### (D) Development management fee (cont'd)

- (c) any increase in the percentage of the development management fee or any change in the structure of the development management fee shall be approved by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where real estate or real estate related assets are purchased, invested in or acquired for development, no acquisition fee in relation to such purchase, investment or acquisition shall be paid to the Manager. Instead, the Manager will receive the development management fee for the development project.

The development management fee shall be payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs have been finalised.

The Manager may opt to receive the development management fee in the form of cash or a combination of cash and Units as it may determine.

#### (E) Property Manager's fees

ESR Property Management (S) Pte. Ltd. (the "Property Manager"), as property manager for all of ESR-REIT's properties including those held through 7000 AMK LLP and Viva Trust, is entitled to receive the following fees:

- (a) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (b) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (c) A marketing services commission equivalent to:
  - (i) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (ii) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (iii) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (iv) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 1. GENERAL (CONT'D)

#### (E) Property Manager's fees (cont'd)

- (d) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the Monetary Authority of Singapore ("MAS")), the refurbishment, retrofitting and renovation works on a property, as follows:
- (i) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (ii) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (iii) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (iv) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (e) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
- (i) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (ii) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (iii) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

The above-mentioned fee is a lump sum fixed fee based on the property tax savings calculated over a 12-month period.

The Property Manager may opt to receive property and lease management fees in the form of cash or Units or a combination of cash and Units as it may determine.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, investment at FVTPL and derivative financial instruments, which are stated at fair value as described in Note 27.

As at 31 December 2021, the current liabilities of the Group and the Trust exceeded their current assets by \$272.1 million and \$184.6 million, respectively. This is primarily due to the classification of term loans of \$210.0 million as current liabilities as they are maturing in 2022. Notwithstanding the net current liabilities position, based on the Group's available financial resources and sources of funding, the Manager is of the view that the Group will be able to refinance its borrowings and meet its current financial obligations as and when they fall due.

#### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars ("S\$"), which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

#### 2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the financial year, the Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2021.

The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

#### 2.5 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective.

Description	Effective for annual periods beginning on or after
FRS 117 <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to FRS 117: <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Manager expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

In the Trust's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

##### *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Group. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

##### *Accounting for investments in subsidiaries and joint venture in the Trust's financial statements*

Investments in subsidiaries and joint venture are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

#### 2.7 Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The statement of total return reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.7 Investment in joint venture (cont'd)

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of total return.

#### 2.8 Investment properties

Investment properties are properties that are owned by the Group and held to earn rentals or for capital appreciation, or both but not for sale in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 2.9 below). They are initially measured at cost, including transaction costs and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS Code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property

Any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly valued on the basis set out above.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.9 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

#### 2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value and are derived by discounting future lease payments using the Group's incremental borrowing rate for borrowings of similar amount and tenor. Any increase or decrease in right-of-use assets is credited or charged directly to the statement of total return. Right-of-use assets which meets the definition of an investment property is accounted for in accordance with Note 2.8.

##### (ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments

##### (a) Financial assets

###### **Initial recognition and measurement**

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of total return. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

###### **Subsequent measurement**

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of total return when the assets are derecognised or impaired, and through amortisation process.

###### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the statement of total return.

###### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

###### **Derecognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.11 Financial instruments (cont'd)

##### (b) *Financial liabilities*

###### ***Initial recognition and measurement***

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

###### ***Subsequent measurement***

###### Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of total return when the liabilities are derecognised and through the amortisation process.

###### Derivative financial instruments

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the statement of total return.

###### ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

###### ***Netting of financial assets and liabilities***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.12 Impairment

##### (a) *Financial assets*

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### (b) *Non financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of total return.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

#### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

#### 2.15 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of Units are deducted directly against Unitholders' funds.

#### 2.16 Perpetual securities

The perpetual securities confer a right to receive distributions at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and will be non-cumulative.

The perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

Accordingly, the perpetual securities are classified as equity and the expenses relating to their issue are deducted directly against Unitholders' funds.

#### 2.17 Revenue recognition

##### (a) Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (b) Interest income

Interest income is accrued using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.18 Expenses

**(a) Property expenses**

Property expenses are recognised on an accrual basis. Included in property expenses are the Property Manager's fee which is based on the applicable rate stipulated in Note 1E.

**(b) Management fees**

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1B.

**(c) Trust expenses**

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rate stipulated in Note 1A.

**(d) Borrowing costs**

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the statement of total return using the effective interest method over the period of borrowings.

#### 2.19 Taxation

**(a) Current tax and deferred tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Taxation (cont'd)

##### (a) Current tax and deferred tax (cont'd)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of ESR-REIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of ESR-REIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of ESR-REIT in that financial year, except:

- (i) where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Non-resident Non-individual Unitholders or Qualifying Non-resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made on or before 31 December 2025.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Taxation (cont'd)

##### (a) Current tax and deferred tax (cont'd)

A "Qualifying Unitholder" is a Unitholder who is:

- an individual and who holds the Units either in his sole name or jointly with other individuals;
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap.37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (cap. 333));
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap.145); and
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A "Non-resident Non-individual Unitholder" is one, not being an individual, which is not a resident of Singapore for income tax purposes and;

- which does not have a permanent establishment in Singapore; or
- which carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A "Qualifying Non-resident Fund" is one that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purpose and;

- which does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- which carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by ESR-REIT. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Taxation (cont'd)

##### (b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

#### 2.20 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

#### 2.21 Distribution policy

The Group's distribution policy is to distribute at least 90% of its annual distributable income to Unitholders, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion. Distributions are made on a quarterly basis at the discretion of the Manager.

#### 2.22 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

#### 2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by ESR-REIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.24 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### 3.1 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 22 – Assessment of income tax provision
- Note 27 – Valuation of investment properties
- Note 27 – Valuation of investment at FVTPL

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 4. INVESTMENT PROPERTIES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Investment properties, at valuation</u>				
At 1 January	<b>2,889,300</b>	2,934,400	<b>1,385,700</b>	1,403,800
Acquisition of investment property <sup>#</sup>	<b>124,590</b>	–	<b>124,590</b>	–
Capital expenditure incurred	<b>27,007</b>	14,217	<b>5,386</b>	3,751
Disposal of investment properties	<b>(52,525)</b>	–	<b>(52,525)</b>	–
Change in fair value during the year <sup>*</sup>	<b>(40,781)</b>	(59,317)	<b>(12,160)</b>	(21,851)
At 31 December	<b>2,947,591</b>	2,889,300	<b>1,450,991</b>	1,385,700
Investment properties (non-current)	<b>2,924,700</b>	2,889,300	<b>1,428,100</b>	1,385,700
Investment properties held for divestment (current)	<b>22,891</b>	–	<b>22,891</b>	–
At 31 December	<b>2,947,591</b>	2,889,300	<b>1,450,991</b>	1,385,700
<u>Right-of-use assets</u>				
At 1 January	<b>229,758</b>	227,681	<b>165,637</b>	169,691
Re-measurement due to change in lease rates	<b>1,417</b>	1,137	<b>4,859</b>	(2,161)
Recognition due to acquisition of investment property	<b>3,996</b>	–	<b>3,996</b>	–
De-recognition due to disposal of investment properties	<b>(8,448)</b>	–	<b>(8,448)</b>	–
Change in fair value of right-of-use of leasehold land <sup>**</sup>	<b>960</b>	940	<b>(1,857)</b>	(1,893)
At 31 December	<b>227,683</b>	229,758	<b>164,187</b>	165,637
Right-of-use assets (non-current)	<b>221,310</b>	229,758	<b>157,814</b>	165,637
Right-of-use assets attributable to investment properties held for divestment (current)	<b>6,373</b>	–	<b>6,373</b>	–
At 31 December	<b>227,683</b>	229,758	<b>164,187</b>	165,637
Investment properties (including right-of-use assets) (non-current)	<b>3,146,010</b>	3,119,058	<b>1,585,914</b>	1,551,337
Investment properties held for divestment (including right-of-use assets) (current)	<b>29,264</b>	–	<b>29,264</b>	–
At 31 December	<b>3,175,274</b>	3,119,058	<b>1,615,178</b>	1,551,337

<sup>#</sup> The acquisition cost of the investment property included acquisition fee of \$1.2 million (2020: Nil) paid to the Manager (Note 26).

<sup>\*</sup> The fair value loss of \$40.8 million (2020: \$59.3 million) together with an adjustment for the effect of lease incentives and marketing fee amortisation of -\$0.4 million (2020: \$0.4 million), aggregate to \$40.4 million (2020: \$59.7 million) as disclosed in the Statement of Total Return.

<sup>\*\*</sup> The change in fair value of right-of-use of leasehold land has been adjusted for the effect of interest and payments borne by tenants of \$0.6 million (2020: \$0.7 million) as disclosed in Note 11.

Details of the investment properties are shown in the Investment Properties Portfolio Statement. Investment properties are leased to non-related parties under operating leases.

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 December 2021 and 31 December 2020. Investment properties held for divestment are stated at fair value based on recently agreed selling price for the subject property between unrelated third parties in an arm's length transaction. Information on the fair value assessment of investment properties and investment properties held for divestment are disclosed in Note 27.

#### Security

All the investment properties are fully unencumbered as at 31 December 2021 and 2020.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 5. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2021 \$'000	2020 \$'000
Unquoted equity investment, at cost	1,148,771	1,148,771
Impairment losses	(387,180)	(355,875)
	<b>761,591</b>	<b>792,896</b>

#### Impairment losses

During the year, the Trust recognised an impairment loss of \$31.3 million (2020: \$51.9 million) against its investment in subsidiaries. This amount relates predominantly to the decrease in fair value of investment properties. The impairment loss has no impact on distributable income.

#### Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2021 %	2020 %
ESR-MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
ESR-SPV2 Pte. Ltd.^	Investment holding	Singapore	100	100
7000 AMK LLP^	Property investment and other related businesses	Singapore	80	80
Viva Trust^	Property investment and other related businesses	Singapore	100	100
ESR-LOGOS REIT AUS (MTN) Pty Ltd	Provision of financial and treasury services	Australia	100	-

^ Audited by Ernst & Young LLP, Singapore.

#### Put option for 20% interest in 7000 AMK LLP

As part of the acquisition in 2017, ESR-REIT granted a put option to Ho Lee Properties Pte Ltd ("HLP"), the owner of the remaining 20% interest in 7000 AMK LLP, that provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP at a price of no less than \$60.0 million (the "Put Option"). As the Put Option contains an obligation for ESR-REIT to purchase the remaining 20% interest in 7000 AMK LLP, the 20% non-controlling interest in 7000 AMK LLP has been accounted for by the Group as a financial liability (see Note 13). The Put Option, which expired on 13 December 2021, has been extended for a further term of 2 months. The Put Option was further extended subsequent to the reporting date (see Note 32).

As at 31 December 2021, the Put Option remains unexercised and HLP's 20% share of the results of 7000 AMK LLP has been allocated to non-controlling interest, which has been accounted for and classified as a current liability. Upon the exercise of the Put Option, the amount recognised as financial liability at that date will be extinguished by the payment made by ESR-REIT to HLP.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 6. INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Unquoted equity investment</u>				
At 1 January	38,018	39,806	38,018	43,183
Reversal of impairment losses/(Impairment losses)	-	-	2,696	(5,165)
Share of results	7,701	3,010	-	-
Distribution received	(5,005)	(4,798)	-	-
At 31 December	<b>40,714</b>	38,018	<b>40,714</b>	38,018

In 2020, impairment losses of \$5,165,000 were made to write-down the investment to the fair value of the Trust's share of net assets of PTC Logistics Hub LLP ("PTC LLP") as at year end.

In 2021, a reversal of impairment losses of \$2,696,000 was made due to accretion in the fair value of the Trust's share of net assets of PTC LLP. The change in the Trust's share of net assets of PTC LLP relates predominantly to the movement in fair value of an investment property held by PTC LLP. The impairment loss and the reversal of impairment loss has no impact on distributable income.

Summarised financial information of the joint venture, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

#### Summarised statement of financial position of PTC LLP:

	Group	
	2021 \$'000	2020 \$'000
Current assets, including cash and cash equivalents of \$3,480,387 (2020: \$3,217,038)	4,637	4,180
Non-current assets, including investment property of \$227,700,000 (2020: \$224,100,000)	242,197	238,923
Current liabilities	(2,765)	(2,728)
Non-current liabilities, including long-term borrowings of \$145,986,990 (2020: \$145,548,270)	(160,978)	(162,788)
<b>Net assets</b>	<b>83,091</b>	<b>77,587</b>
Proportion of the Group's ownership	49%	49%
Group's share in net assets	40,714	38,018
<b>Carrying amount of the Group's investment</b>	<b>40,714</b>	<b>38,018</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 6. INVESTMENT IN JOINT VENTURE (CONT'D)

#### Summarised statement of comprehensive income of PTC LLP:

	Group	
	2021	2020
	\$'000	\$'000
Revenue	17,494	17,500
Property expenses	(317)	(312)
Other operating expenses	(23)	(21)
Change in fair value of investment property	2,849	(1,881)
Change in fair value of right-of-use of leasehold land	(326)	(308)
Change in fair value of financial derivatives	1,905	(2,744)
Net finance costs	(5,865)	(6,091)
<b>Profit for the year, representing total comprehensive income for the year</b>	<b>15,717</b>	<b>6,143</b>
Proportion of the Group's ownership	49%	49%
Group's share of profit for the year	<b>7,701</b>	3,010

The joint venture has no other contingent liabilities or commitments as at 31 December 2021 and 2020. PTC LLP cannot distribute its taxable profits without the consent from the joint venture partners.

### 7. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Trust	
	2021	2020
	\$'000	\$'000
Unquoted equity investment, at fair value	66,542	-

On 14 May 2021, ESR-REIT completed the acquisition of 10.0% of the total issued units in ESR Australia Logistics Partnership ("EALP"). EALP is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Cayman Limited, and it owns 32 income-producing properties, two land parcels for future development and another two properties which are currently under development. Collectively, the 36 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland and South Australia.

### 8. LOANS TO SUBSIDIARIES (TRUST)

The loans to subsidiaries are unsecured and bear interest at rates based on ESR-REIT's prevailing cost of debt. Interest is payable in arrears on a quarterly basis.

The loans are repayable at dates mutually agreed by the parties, which are not likely to occur within the next 12 months from the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 9. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables	2,166	4,466	1,274	2,757
Deposits	4,352	2,675	1,524	1,466
Other receivables				
– Subsidiaries	–	–	25,649	18,808
– Non related parties	11,937	2,450	379	345
	<b>11,937</b>	<b>2,450</b>	<b>26,028</b>	<b>19,153</b>
<b>Financial assets carried at amortised cost</b>	<b>18,455</b>	<b>9,591</b>	<b>28,826</b>	<b>23,376</b>
Capitalised costs	4,473	–	4,473	–
Prepayments	157	2,625	122	116
<b>Total trade and other receivables</b>	<b>23,085</b>	<b>12,216</b>	<b>33,421</b>	<b>23,492</b>

Trade receivables are non-interest bearing and are generally on 14 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables due from subsidiaries are non-trade related, non-interest bearing and repayable on demand.

The Group's primary exposure to credit risk arises from its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

#### Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross receivables	Impairment losses	Gross receivables	Impairment losses
	2021 \$'000	2021 \$'000	2020 \$'000	2020 \$'000
<b>Group</b>				
Past due 0 – 30 days	568	–	418	–
Past due 31 – 120 days	680	–	819	–
More than 120 days past due	918	–	3,229	–
	<b>2,166</b>	<b>–</b>	<b>4,466</b>	<b>–</b>
<b>Trust</b>				
Past due 0 – 30 days	311	–	195	–
Past due 31 – 120 days	593	–	487	–
More than 120 days past due	370	–	2,075	–
	<b>1,274</b>	<b>–</b>	<b>2,757</b>	<b>–</b>

Trade receivables are individually assessed for impairment on an ongoing basis.

The Manager believes that no impairment is necessary in respect of the trade receivables as these receivables are mainly due from tenants that have good payment records and/or have sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 28.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 10. TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	30,295	22,828	15,954	10,170
Amounts due to related parties (trade):				
– the Manager	2,792	2,872	2,792	2,872
– the Property Manager	1,308	1,443	1,003	1,074
– the Trustee	240	136	195	89
Amount due to subsidiary (non-trade)	–	–	–	1
Amount due to joint venture	558	467	558	467
Interest and loan commitment fee payable	6,096	5,341	6,096	5,341
Deposits received for investment properties held for divestment	1,210	–	1,210	–
Security deposits	13,504	12,433	9,400	7,307
Rent received in advance	645	1,081	223	496
Retention sums	1,507	1,338	559	694
Other payables	955	1,257	364	368
Reinstatement sums	5,099	5,332	891	1,512
Rental rebates payable	99	7,819	–	3,733
	<b>64,308</b>	<b>62,347</b>	<b>39,245</b>	<b>34,124</b>
<b>Non-current liability</b>				
Security deposits	20,283	19,729	9,467	10,429
<b>Total trade and other payables</b>	<b>84,591</b>	<b>82,076</b>	<b>48,712</b>	<b>44,553</b>
Less: Rent received in advance	(645)	(1,081)	(223)	(496)
Less: GST payables	(5,366)	(1,997)	(4,304)	(860)
Less: Deposit received from investment properties held for divestment	(1,210)	–	(1,210)	–
<b>Financial liabilities at amortised cost</b>	<b>77,370</b>	<b>78,998</b>	<b>42,975</b>	<b>43,197</b>

The amounts due to related parties and subsidiaries are unsecured, non-interest bearing and repayable on demand. Transactions with related parties are priced on terms agreed between the parties.

Retention sums relate to monies withheld for certain investment properties acquired in the current and prior years or as security against defective works for properties undergoing asset enhancement initiatives.

Reinstatement sums relate to monies received from outgoing tenants in respect of their contractual obligations to reinstate their leased premises.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 28.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 11. LEASES

#### As a lessee

The Group is required to pay land rent, whether annually or on an upfront land premium basis to JTC Corporation and CapitalLand Singapore BP&C Pte Ltd for properties in its portfolio. The annual land rent payable is based on market land rent for the relevant year and any increase in annual land rent from year to year shall not exceed 5.5% of the annual land rent for the respective properties for the immediate preceding year.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Lease liabilities for leasehold land			
	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At 1 January	229,758	227,681	165,637	169,691
Re-measurement due to change in lease rates	1,417	1,137	4,859	(2,161)
Recognition due to acquisition of investment property	3,996	-	3,996	-
De-recognition due to disposal of investment properties	(8,448)	-	(8,448)	-
Accretion of interest	11,825	11,575	9,043	8,742
Payments	(10,237)	(9,946)	(10,235)	(9,946)
Effect of interest and payments borne by tenants	(628)	(689)	(665)	(689)
At 31 December	227,683	229,758	164,187	165,637
Current	9,090	2,770	9,090	2,770
Non-current	218,593	226,988	155,097	162,867
At 31 December	227,683	229,758	164,187	165,637

The current lease liabilities are inclusive of liabilities directly attributable to investment properties held for divestment.

The following are the amounts recognised in the Statement of Total Return:

	Group	
	2021 \$'000	2020 \$'000
Change in fair value of right-of-use of leasehold land	1,588	1,629
Finance costs on lease liabilities for leasehold land	(11,825)	(11,575)
Net amount recognised in Statement of Total Return	(10,237)	(9,946)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 11. LEASES (CONT'D)

#### As a lessor

The Group's investment properties are leased to tenants under operating leases. The remaining lease terms of the leases range from less than one year to 16 years. Certain leases include a fixed annual rental escalation clause to enable upward revision of the rental charge on an annual basis. Rental income recognised by the Group during the year is \$221,938,000 (2020: \$221,479,000) (Note 17).

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Receivable:				
– Within 1 year	229,620	197,914	92,138	89,845
– After 1 year but within 5 years	344,177	365,828	113,789	139,856
– After 5 years	87,094	88,802	59,930	76,069
	<b>660,891</b>	<b>652,544</b>	<b>265,857</b>	<b>305,770</b>

### 12. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current liabilities</b>				
Unsecured SGD loans	210,000	191,000	210,000	191,000
Unamortised loan transaction costs	(561)	(533)	(561)	(533)
	<b>209,439</b>	<b>190,467</b>	<b>209,439</b>	<b>190,467</b>
<b>Non-current liabilities</b>				
Unsecured SGD loans	755,000	945,000	755,000	945,000
Unsecured AUD loans	59,507	–	59,507	–
Unsecured SGD fixed rate notes	175,000	50,000	175,000	50,000
Unamortised loan transaction costs	(8,094)	(6,853)	(8,094)	(6,853)
	<b>981,413</b>	<b>988,147</b>	<b>981,413</b>	<b>988,147</b>
<b>Total interest-bearing borrowings</b>	<b>1,190,852</b>	<b>1,178,614</b>	<b>1,190,852</b>	<b>1,178,614</b>

The weighted average all in cost of debt as at 31 December 2021 was 3.3% per annum (2020: 3.5% per annum).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 12. INTEREST-BEARING BORROWINGS (CONT'D)

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	← 2021 →		← 2020 →	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Group and Trust</b>						
<b>Unsecured</b>						
SGD Term loan facilities	SOR* + margin	2022 to 2026	960,000	954,605	1,005,000	998,438
AUD Term loan facilities	BBSY Bid# + margin	2027	59,507	58,650	-	-
Revolving credit facilities	SOR* + margin	2022 to 2027	5,000	3,345	131,000	130,275
Medium Term Notes	2.60% to 3.95%	2023 and 2026	175,000	174,252	50,000	49,901
			<b>1,199,507</b>	<b>1,190,852</b>	<b>1,186,000</b>	<b>1,178,614</b>

\* Swap Offer Rate.

# Bank Bill Swap Bid Rate

The nominal interest rate for the floating rate loans drawn in SGD is determined by an interest margin plus SOR per annum and loans drawn in AUD is determined by an interest margin plus BBSY Bid per annum.

As at the reporting date, the Group has in place unsecured borrowings comprising:

#### (A) Term loans and revolving credit facilities

- (i) loan facility of \$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
  - Facility A: \$100 million term loan facility maturing in May 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in May 2022 at an interest margin plus SOR.
- (ii) loan facility of \$500 million from a syndicate of four banks comprising United Overseas Bank Limited ("UOB"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Malayan Banking Berhad, Singapore Branch ("Maybank") and RHB Bank Berhad ("RHB") consisting of:
  - Facility A: \$160 million term loan facility maturing in October 2021 at an interest margin plus SOR, which has been fully repaid and cancelled;
  - Facility B: \$180 million term loan facility maturing in October 2022 at an interest margin plus SOR;
  - Facility C: \$160 million term loan facility maturing in October 2023 at an interest margin plus SOR; and
- (iii) term loan facility of \$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 12. INTEREST-BEARING BORROWINGS (CONT'D)

#### (A) Term loans and revolving credit facilities (cont'd)

- (iv) club loan facility of \$155 million from three banks comprising Australia and New Zealand Banking Group Limited, Singapore Branch, CTBC Bank Co., Ltd., Singapore Branch, and Standard Chartered Bank, Singapore Branch consisting of:
  - Facility A: \$75 million term loan facility maturing in March 2022 at an interest margin plus SOR, of which S\$45 million has been repaid and cancelled; and
  - Facility B: \$80 million term loan facility maturing in March 2023 at an interest margin plus SOR.
- (v) club loan facility of \$200 million from MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch consisting of:
  - Facility A: \$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.
- (vi) club loan facility of \$320 million from UOB, Maybank, RHB and HSBC consisting of:
  - Facility A: \$160 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
  - Facility B: \$160 million revolving credit facility maturing in March 2025 at an interest margin plus SOR.
- (vii) loan facility of A\$68.5 million from RHB consisting of:
  - Facility A: A\$60.5 million term loan facility maturing in May 2027 at an interest margin plus BBSY Bid; and
  - Facility B: A\$8.0 million revolving credit facility maturing in May 2027 at an interest margin plus BBSY Bid.

As at 31 December 2021, the total amounts outstanding under the term loans and revolving credit facilities were \$1,019.5 million and \$5.0 million respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 12. INTEREST-BEARING BORROWINGS (CONT'D)

#### (B) Unsecured Medium Term Notes

On 2 February 2012, ESR-REIT, through its wholly owned subsidiary, ESR-MTN Pte. Ltd. (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). The MTN Programme was modified and renamed as \$750 million multi-currency debt issuance programme (the "Debt Issuance Programme") in March 2016 to allow the issue of medium term notes (the "Notes") and/or perpetual securities (the "Perps") by either the Trust or the Issuer.

Under the Debt Issuance Programme, the Trust and/or the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue the Notes/Perps denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes/Perps are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the "Guarantor").

The Notes/Perps may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

The Group has issued the following Notes under its Debt Issuance Programme:

- \$30 million 6-year Fixed Rate Notes (the "Series 002 Notes") issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in April 2020;
- \$130 million 5-year Fixed Rate Notes (the "Series 004 Notes") issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in May 2020;
- \$50 million 7-year Fixed Rate Notes (the "Series 005 Notes") issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023; and
- \$125 million 5-year fixed rate notes (the "Series 007 Notes") issued in August 2021, bearing a fixed interest rate of 2.60% per annum payable semi-annually in arrears which will mature in August 2026.

The Issuer on-lent the net proceeds from the issuance of the Series 002 Notes and Series 004 Notes to the Trust, which in turn, used such proceeds to finance property acquisitions and/or repayment of existing loans. The Series 005 Notes and Series 007 Notes were issued directly by the Trust.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 12. INTEREST-BEARING BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	2020	Cash flows*	Amortisation of loan transaction costs	Unrealised foreign exchange gain	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	1,128,713	(113,011)	4,035	(3,137)	1,016,600
Fixed rate notes	49,901	124,247	104	-	174,252
	1,178,614	11,236	4,139	(3,137)	1,190,852

	2019	Cash flows*	Amortisation of loan transaction costs	Unrealised foreign exchange gain	2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Bank loans	981,339	143,892	3,482	-	1,128,713
Fixed rate notes	209,785	(160,000)	116	-	49,901
	1,191,124	(16,108)	3,598	-	1,178,614

\* The cash flows included an upfront loan transaction cost of \$5.4 million (2020: \$2.1 million) relating to new loan facilities.

### 13. AMOUNT DUE TO NON-CONTROLLING INTEREST

This relates to the 20% non-controlling interest in 7000 AMK LLP, which has been accounted for and classified as a current liability due to the Put Option granted by ESR-REIT to HLP. As disclosed in Note 5, the Put Option provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP.

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000
Interest rate swaps				
Current	-	(3,707)	-	(3,332)
Non-current	-	(9,946)	-	(35,246)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate borrowings by swapping the interest rates on such borrowings from floating rates to fixed rates.

At 31 December 2021, the Group has entered into interest rate swap contracts with a total notional amount of \$930.0 million (2020: \$1,005.0 million) to fix the base interest rates for a weighted average tenor of approximately 2.0 years (2020: 2.0 years). Under these interest rate swap contracts, the Group pays interest at a weighted average fixed interest rate of 1.9% (2020: 2.1%) per annum and receives interest based on SOR.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 15. PERPETUAL SECURITIES

In November 2017, ESR-REIT issued \$150.0 million of perpetual securities. The key terms and conditions are as follows:

- the perpetual securities confer a right to receive distribution at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative;
- the perpetual securities constitute direct, unsecured and subordinated obligations of ESR-REIT and rank pari passu and without any preference among themselves and with any Party Obligations (as defined in the conditions of the issuance) of the Trust; and
- the perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

The perpetual securities are classified as equity instruments and recorded as equity in the Statement of Financial Position. The \$151.1 million (2020: \$151.1 million) presented in the Statement of Financial Position represents the carrying value of the \$150.0 million perpetual securities issued and includes the total return attributable to the perpetual securities holders from the last distribution date. The issue costs were deducted from the Unitholders' funds.

### 16. UNITS IN ISSUE

	Group and Trust	
	2021	2020
	Number of units '000	Number of units '000
Units in issue:		
At 1 January	3,576,362	3,487,316
Issue of new Units:		
– Management fees paid in Units	17,475	23,097
– Distribution Reinvestment Plan	43,530	65,949
– Private placement	268,818	–
– Preferential offering	124,072	–
Total issued Units at 31 December	4,030,257	3,576,362

During the financial year ended 31 December 2021, the Trust issued the following new Units:

- 17.5 million new Units amounting to approximately \$7.4 million at issue prices ranging from \$0.3875 to \$0.4750 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager;
- 43.5 million new Units amounting to approximately \$18.6 million at issue prices ranging from \$0.3915 to \$0.4695 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash;

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 16. UNITS IN ISSUE (CONT'D)

- (iii) 268.8 million new Units amounting to approximately \$100.0 million at an issue price of \$0.3720 per Unit pursuant to a private placement in May 2021; and
- (iv) 124.1 million new Units amounting to approximately \$49.6 million at an issue price of \$0.4000 per Unit pursuant to a preferential offering in August 2021.

During the financial year ended 31 December 2020, the Trust issued the following new Units:

- (i) 23.1 million new Units amounting to approximately \$8.9 million at issue prices ranging from \$0.2868 to \$0.5308 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager; and
- (ii) 66.0 million new Units amounting to approximately \$26.0 million at issue prices ranging from \$0.3317 to \$0.5317 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

#### **Unitholders' rights**

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem its Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 17. GROSS REVENUE

	Group	
	2021	2020
	\$'000	\$'000
Property rental income	221,938	221,479
Other income	18,383	15,826
Reversal of rental rebates/(rental rebates) <sup>1</sup>	965	(7,381)
	<u>241,286</u>	<u>229,924</u>

<sup>1</sup> Rental rebates were provided to eligible tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, and under the Rental Relief Framework (2020) and Rental Waiver Framework (2021) pursuant to the COVID-19 (Temporary Measures) Act 2020.

### 18. PROPERTY EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Property Manager's fees paid and payable in:		
– cash	<b>7,933</b>	8,580
– Units <sup>1</sup>	<b>2,872</b>	2,051
	<b>10,805</b>	10,631
Property tax	<b>20,101</b>	19,244
Property tax rebates <sup>2</sup>	–	(1,359)
Repair and maintenance expenses	<b>18,877</b>	19,720
Other property operating expenses	<b>18,242</b>	17,481
	<u><b>68,025</b></u>	<u>65,717</u>

<sup>1</sup> Includes approximately \$0.7 million (2020: \$Nil) paid to the Property Manager subsequent to the reporting date by way of an issuance of 1.5 million (2020: Nil) new Units to the Property Manager at an issue price of \$0.4790 (2020: \$Nil) per Unit for financial year ended 31 December 2021 and 2020 respectively.

<sup>2</sup> This amount represents the property tax rebates received in relation to untenanted space in the property portfolio. In 2020, the Singapore Government had given remission of property tax to owners of qualifying non-residential properties in response to the COVID-19 pandemic. Pursuant to the COVID-19 (Temporary Measures) Act 2020, while the owner of such qualifying non-residential property is required to transfer the benefit of the property tax remission to eligible tenants at the property, the owner is entitled to retain the portion of the property tax remission relating to untenanted space at the property.

### 19. MANAGEMENT FEES

	Group	
	2021	2020
	\$'000	\$'000
Base fees paid and payable in:		
– cash	<b>8,807</b>	9,359
– Units <sup>1</sup>	<b>6,033</b>	5,280
	<u><b>14,840</b></u>	<u>14,639</u>

<sup>1</sup> Includes approximately \$1.6 million (2020: \$0.7 million) paid to the Manager subsequent to the reporting date by way of an issuance of 3.2 million (2020: 1.9 million) new Units to the Manager at an issue price of \$0.4790 (2020: \$0.4000) per Unit.

There was no Performance Fee payable for the financial year as the Trust did not outperform the initial Highest DPU Threshold of 6.000 cents for the financial year ended 31 December 2021. Please refer to Note 1B(b) for further details on the Performance Fee structure.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 20. TRUST EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Auditor's remuneration:		
– audit fees	278	395
– non-audit fees	87	357
Trustee's fees	595	544
Valuation fees	452	476
Professional fees <sup>1</sup>	275	4,852
Other expenses <sup>2</sup>	1,085	2,029
	<u>2,772</u>	<u>8,653</u>

<sup>1</sup> Professional fees in 2020 included \$4.7 million of abortive costs incurred in relation to the proposed merger of ESR-REIT and Sabana Shari'ah Compliant Industrial Real Estate Investment Trust.

<sup>2</sup> Other expenses comprise investor relations costs, compliance costs, listing fees and other non-property related expenses.

### 21. BORROWING COSTS

	Group	
	2021	2020
	\$'000	\$'000
Borrowing costs paid and payable:		
– bank loans	18,468	22,308
– financial derivatives	17,767	14,861
– fixed rate notes	3,311	4,365
Amortisation of transaction costs relating to debt facilities	4,343	3,712
	<u>43,889</u>	<u>45,246</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 22. INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021 \$'000	2020 \$'000
Current income tax		
– Current year	14	15
– Overprovision in prior year	(60)	(3)
Deferred tax	1,867	–
Withholding tax	341	–
	<u>2,162</u>	<u>12</u>
<b>Reconciliation of tax expense</b>		
Total return for the year before income tax	<u>107,761</u>	<u>12,744</u>
Income tax using Singapore tax rate of 17% (2020: 17%)	18,319	2,166
Effect of different tax rate in foreign jurisdiction	80	–
Income not subject to tax	(6,477)	–
Non-tax deductible items	9,489	16,381
Deferred tax on fair value gain in investment at FVTPL	1,867	–
Tax transparency	(21,147)	(18,532)
Over provision of tax in prior years	(60)	(3)
Others	91	–
Income tax expense	<u>2,162</u>	<u>12</u>

Deferred tax liabilities as at 31 December relate to the following:

	Group				Trust	
	Consolidated Statement of Financial Position		Consolidated Statement of Total Return		Statement of Financial Position	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fair value of investment at FVTPL	1,867	–	1,867	–	1,867	–
<b>Deferred tax liabilities</b>	<u>1,867</u>	<u>–</u>	<u>1,867</u>	<u>–</u>	<u>1,867</u>	<u>–</u>
<b>Deferred tax expense</b>			<u>1,867</u>	<u>–</u>		

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 23. EARNINGS AND DISTRIBUTION PER UNIT

#### (a) Basic earnings per Unit

The calculation of basic earnings per Unit is based on the total return attributable to Unitholders and the weighted average number of Units in issue for the financial year.

	Group	
	2021	2020
	\$'000	\$'000
Total return after income tax	105,599	12,732
Less:		
Non-controlling interest	(4,078)	(3,043)
Amount reserved for distribution to perpetual securities holders	(6,900)	(6,919)
Total return attributable to Unitholders	<u>94,621</u>	<u>2,770</u>

	Number of units	
	2021	2020
	'000	'000
Weighted average number of Units:		
– Units issued at beginning of the year	3,576,362	3,487,316
Effect of issue of new Units:		
– Management fees paid in Units	7,011	11,324
– Distribution Reinvestment Plan	18,532	23,940
– Private placement	167,919	–
– Preferential offering	43,510	–
	<u>3,813,334</u>	<u>3,522,580</u>

	Group	
	2021	2020
Basic earnings per Unit (cents)	<u>2.481</u>	<u>0.079</u>

#### (b) Diluted earnings per Unit

Diluted earnings per Unit is the same as basic earnings per Unit as there were no dilutive instruments in issue during the current and previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 23. EARNINGS AND DISTRIBUTION PER UNIT (CONT'D)

#### (c) Distribution per Unit

The calculation of distribution per Unit is based on the total amount available for distribution and the number of Units entitled to distribution during the financial year.

	Group	
	2021	2020
	\$'000	\$'000
Total return after income tax and distribution adjustments	120,468	106,046
Amount reserved for perpetual securities holders	<b>(6,900)</b>	(6,919)
Net income available for distribution to Unitholders	<b>113,568</b>	99,127
Total amount available for distribution comprising:		
– Taxable income	<b>113,568</b>	99,127
– Tax-exempt income	<b>183</b>	–
– Capital distribution	<b>642</b>	–
Amount available for distribution to Unitholders	<b>114,393</b>	99,127
Distribution per Unit (cents)	<b>2.987</b>	2.800

### 24. EQUITY ISSUE COSTS

	Group and Trust	
	2021	2020
	\$000	\$000
Equity issue costs:		
– Distribution Reinvestment Plan	<b>400</b>	399
– Private placement	<b>2,239</b>	(15)
– Preferential offering	<b>1,218</b>	(165)
	<b>3,857</b>	219

The equity issue costs are deducted directly against Unitholders' funds.

### 25. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

- \$65.9 million (2020: \$18.1 million) of capital commitments in respect of asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the consolidated financial statements. These projects are targeted to complete by 2023.
- A\$7.05 million (2020: \$Nil) of capital commitments in respect of the 10.0% interest in EALP, which may be called upon by EALP to finance its activities.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 26. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

Other than as disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business on terms agreed between the parties:

	Group	
	2021 \$'000	2020 \$'000
<b>ESR Funds Management (S) Limited (the Manager)</b>		
Management fees paid and payable in:		
– cash	8,807	9,359
– Units	6,033	5,280
Acquisition fees paid in cash	1,196	–
Disposal fees paid in cash	265	–
Development management fees paid and payable	21	–
<b>ESR Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property and lease management fees paid and payable in:		
– cash	4,194	4,660
– Units	2,872	2,051
Lease marketing services commission paid and payable in cash	3,877	4,951
Project management fees paid and payable in cash	299	158
Site staff cost recovery	802	817
Rental income received and receivable <sup>1</sup>	280	–
Utilities income received and receivable	2	–
<b>RBC Investor Services Trust Singapore Limited (the Trustee)</b>		
Trustee fees paid and payable	412	356
<b>Perpetual (Asia) Limited (the Sub-trust Trustee)</b>		
Trustee fees paid and payable	183	188
<b>ESR Cayman Group</b>		
Acquisition of 10.0% interest in ESR Australia Logistics Partnership <sup>2</sup>	62,630	–

<sup>1</sup> Relates to rental income received and receivable from ESR Property Management (S) Pte Ltd ("ESR-PM") pursuant to a 3-year tenancy agreement entered into between the Group and ESR-PM during 2021.

<sup>2</sup> Relates to (i) the unit sale agreement entered into between ESR-REIT, ESR Investment Management 2 (Australia) Pty Limited, in its capacity as trustee of ESR Co-Invest Trust, and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust and (ii) the commitment deed entered into between ESR-REIT and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust, in relation to the acquisition of 10.0% of the total issued units of ESR Australia Logistics Partnership.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT

#### *Valuation processes applied by the Group*

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet financial reporting requirements, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

#### *(a) Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the current financial year, investment properties which have been reclassified as held for divestment were measured in accordance with Level 1 fair value hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (b) Assets and liabilities measured at fair value

The table below shows an analysis of each class of assets/(liabilities) of the Group and the Trust measured at fair value as at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	-	3,146,010	3,175,274
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	<u>29,264</u>	<u>-</u>	<u>3,212,552</u>	<u>3,241,816</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)
Amount due to non-controlling interest	-	-	(62,036)	(62,036)
	<u>-</u>	<u>(13,653)</u>	<u>(62,036)</u>	<u>(75,689)</u>
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	3,119,058	3,119,058
<b>Financial liabilities</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)
Amount due to non-controlling interest	-	-	(60,262)	(60,262)
	<u>-</u>	<u>(38,578)</u>	<u>(60,262)</u>	<u>(98,840)</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (b) Assets and liabilities measured at fair value (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Trust</b>				
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	-	1,585,914	1,615,178
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	<u>29,264</u>	<u>-</u>	<u>1,652,456</u>	<u>1,681,720</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	1,551,337	1,551,337
<b>Financial liabilities</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)

#### (c) Level 1 fair value measurements

##### Investment properties held for divestment

The fair value of investment properties held for divestment are based on contracted selling price of the subject property with unrelated third parties in arm's length transactions.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (d) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for liabilities that are categorised within Level 2 of the fair value hierarchy:

##### *Financial derivatives*

The fair value of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cashflows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

#### (e) *Level 3 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 3 of the fair value hierarchy:

##### *Amount due to non-controlling interest*

The fair value of the amount due to non-controlling interest is determined based on the non-controlling interest's 20% share of the net assets of 7000 AMK LLP with reference to the fair value of its underlying investment property. The fair value of the investment property is determined based on significant unobservable inputs which have been included in the disclosures for investment properties held directly or through joint venture in this Note 27(e).

##### *Investment properties held directly or through joint venture*

Investment properties are stated at fair value based on valuations performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in profit or loss.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

In determining the fair values, the valuers have used valuation methods including direct comparison method, capitalisation approach and discounted cash flows method in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The valuation reports also include a clause on material valuation uncertainty that highlights the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future. Accordingly, values and incomes may change more rapidly than during standard market conditions and it is recommended that the valuation of the property is kept under frequent review. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (e) Level 3 fair value measurements (cont'd)

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the key unobservable inputs in Level 3 fair value measurement used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
	Investment properties held directly or through joint venture	
Discounted cash flows method, direct comparison method and capitalisation approach	<ul style="list-style-type: none"> <li>Market rental growth ranges from 1.5% to 3.0% (2020: 2.0% to 3.5%) per annum.</li> <li>Adjusted price (psm) of \$972 to \$1,723 (2020: \$667 to \$2,971)</li> <li>Risk-adjusted discount rates of 7.00% to 8.25% (2020: 7.00% to 9.25%)</li> <li>Capitalisation rates of 5.00% to 7.25% (2020: 5.00% to 7.35%)</li> <li>Terminal yield rates of 5.25% to 7.25% (2020: 5.25% to 7.5%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher/(lower);</li> <li>the adjusted price psm were higher/(lower);</li> <li>the risk-adjusted discount rates were lower/(higher);</li> <li>the capitalisation rates were lower/(higher); or</li> <li>the terminal yield rates were lower/(higher)</li> </ul>

Key unobservable inputs correspond to:

- Market rental growth, adjusted price psm, capitalisation and terminal yield rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (e) Level 3 fair value measurements (cont'd)

##### *Investment at fair value through profit or loss*

The fair value of the investment at fair value through profit or loss, which is an unquoted equity investment in a property fund, is determined based on the Group's share of the net assets of the property fund with reference to the fair value of the underlying investment properties of the fund. The fair value of these underlying investment properties is determined based on significant unobservable inputs. Accordingly, the fair value of the investment is categorised under Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties held by property fund		
Discounted cash flows method and capitalisation approach	<ul style="list-style-type: none"> <li>Risk-adjusted discount rates of 5.50% to 7.25%</li> <li>Capitalisation rates from 3.75% to 6.75%</li> <li>Terminal yield rates from 4.00% to 7.00%</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>the risk-adjusted discount rates were lower/(higher);</li> <li>the capitalisation rates were lower/(higher); or</li> <li>the terminal yield rates were lower/(higher).</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

**(f) Assets and liabilities not measured at fair value for which fair value is disclosed**

The table below shows an analysis of other non-current liabilities of the Group and the Trust not measured at fair value for which fair value is disclosed:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Liabilities</b>				
Fixed rate notes	172,399	-	-	172,399
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873
<b>Trust</b>				
<b>2021</b>				
<b>Liabilities</b>				
Fixed rate notes	172,399	-	-	172,399
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873

**Determination of fair value for fixed rate notes**

The fair values of the fixed rate notes are determined based on the quoted bid prices in an active market as at the reporting date.

**(g) Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value**

The carrying amounts of current financial assets and liabilities of the Group and the Trust approximated their fair values due to their short maturity period. The carrying amounts of non-current floating rate borrowings of the Group and the Trust do not materially differ from their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 27. FAIR VALUE MEASUREMENT (CONT'D)

#### (h) Classification of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>						
<b>2021</b>						
Investment at FVTPL		-	66,542	-	66,542	66,542
Trade and other receivables*	9	18,455	-	-	18,455	18,455
Cash and cash equivalents		24,150	-	-	24,150	24,150
Loans and borrowings	12	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	10	-	-	(77,370)	(77,370)	(77,370)
Amount due to non-controlling interest	13	-	(62,036)	-	(62,036)	(62,036)
Derivative financial instruments	14	-	(13,653)	-	(13,653)	(13,653)
		<b>42,605</b>	<b>(9,147)</b>	<b>(1,268,222)</b>	<b>(1,234,764)</b>	<b>(1,232,163)</b>
<b>2020</b>						
Trade and other receivables*	9	9,591	-	-	9,591	9,591
Cash and cash equivalents		18,101	-	-	18,101	18,101
Loans and borrowings	12	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	10	-	-	(78,998)	(78,998)	(78,998)
Amount due to non-controlling interest	13	-	(60,262)	-	(60,262)	(60,262)
Derivative financial instruments	14	-	(38,578)	-	(38,578)	(38,578)
		<b>27,692</b>	<b>(98,840)</b>	<b>(1,257,612)</b>	<b>(1,328,760)</b>	<b>(1,328,732)</b>
<b>Trust</b>						
<b>2021</b>						
Loan to subsidiaries		636,800	-	-	636,800	636,800
Investment at FVTPL		-	66,542	-	66,542	66,542
Trade and other receivables*	9	28,826	-	-	28,826	28,826
Cash and cash equivalents		14,164	-	-	14,164	14,164
Loans and borrowings	12	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	10	-	-	(42,975)	(42,975)	(42,975)
Derivative financial instruments	14	-	(13,653)	-	(13,653)	(13,653)
		<b>679,790</b>	<b>52,889</b>	<b>(1,233,827)</b>	<b>(501,148)</b>	<b>(498,547)</b>
<b>2020</b>						
Loan to subsidiaries		613,500	-	-	613,500	613,500
Trade and other receivables*	9	23,376	-	-	23,376	23,376
Cash and cash equivalents		8,556	-	-	8,556	8,556
Loans and borrowings	12	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	10	-	-	(43,197)	(43,197)	(43,197)
Derivative financial instruments	14	-	(38,578)	-	(38,578)	(38,578)
		<b>645,432</b>	<b>(38,578)</b>	<b>(1,221,811)</b>	<b>(614,957)</b>	<b>(614,929)</b>

\* Excludes prepayments and capitalised cost.

^ Excludes rent received in advance, deposit received for divestment of properties held for divestment and GST payable.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to credit risk, liquidity risk and interest rate risk.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors the amounts receivable from tenants on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. In addition, the Group requires the tenants to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to the Group. For cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Manager establishes an allowance for impairment loss, based on a specific loss component that relates to individually significant exposures, that represents its estimate of expected losses in respect of trade and other receivables.

#### Credit risk concentration profile

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment history with the Group. Cash deposits are placed with financial institutions which are reputable and regulated.

#### Financial assets that are past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 9 (Trade and other receivables). At the reporting date, the Group had no financial assets which had been determined to be impaired and there are no allowances for impairment loss provided for.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities.

The Manager monitors the liquidity risk of the Group on an on-going basis. The Group's objective is to maintain a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. Typically, the Manager ensures that the Group has sufficient cash on demand and committed revolving credit facilities to meet expected operating expenses for a reasonable period, including the servicing of financial obligations; but this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

#### Analysis of financial instruments by remaining contracted maturities

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium Term Notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables*	(51,096)	(20,283)	-	(71,379)
Amount due to non-controlling interest	(62,036)	-	-	(62,036)
Lease liabilities	(11,215)	(60,246)	(358,849)	(430,310)
	<b>(355,940)</b>	<b>(1,045,999)</b>	<b>(419,789)</b>	<b>(1,821,728)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	<b>(371,049)</b>	<b>(1,056,063)</b>	<b>(419,789)</b>	<b>(1,846,901)</b>
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(175,641)	(866,336)	-	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	-	(138,331)
Medium Term Notes	(1,975)	(52,954)	-	(54,929)
Trade and other payables*	(53,928)	(19,729)	-	(73,657)
Amount due to non-controlling interest	(60,262)	-	-	(60,262)
Lease liabilities	(11,649)	(56,450)	(381,431)	(449,530)
	<b>(337,370)</b>	<b>(1,099,885)</b>	<b>(381,431)</b>	<b>(1,818,686)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	-	(41,921)
	<b>(356,154)</b>	<b>(1,123,022)</b>	<b>(381,431)</b>	<b>(1,860,607)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk (cont'd)

##### Analysis of financial instruments by remaining contracted maturities (cont'd)

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Trust</b>				
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium Term Notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables*	(27,517)	(9,467)	-	(36,984)
Lease liabilities	(11,215)	(51,057)	(270,289)	(332,561)
	(270,325)	(1,025,994)	(331,229)	(1,627,548)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	(285,434)	(1,036,058)	(331,229)	(1,652,721)
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(175,641)	(866,336)	-	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	-	(138,331)
Medium Term Notes	(1,975)	(52,954)	-	(54,929)
Trade and other payables*	(27,427)	(10,429)	-	(37,856)
Lease liabilities	(11,649)	(46,600)	(288,886)	(347,135)
	(250,607)	(1,080,735)	(288,886)	(1,620,228)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	-	(41,921)
	(269,391)	(1,103,872)	(288,886)	(1,662,149)

\* Excludes rent received in advance, deposit received for divestment of properties held for divestment and GST payable.

+ Excludes interest and loan commitment fee payable, which are included in the respective debt facilities.

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of ensuring that the majority of the Group's exposures to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk (cont'd)

At the reporting date, the Group has entered into interest rate swap contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional amounts of the unsecured bank loans.

As at 31 December 2021, the Group has fixed 92.0% (2020: 89.0%) of its interest rate exposure by entering into interest rate swaps and fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges and takes into account prevailing market conditions.

#### Sensitivity analysis for variable rate instruments

For the variable rate instruments, a change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) Unitholders' funds and total return by the amounts shown below. The analysis assumes that all other variables remain constant.

	Total Return		Unitholders' Funds	
	100 bps increase \$'000	100 bps decrease \$'000	100 bps increase \$'000	100 bps decrease \$'000
<b>Group</b>				
<b>2021</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(945)	945	(945)	945
<b>2020</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(1,310)	1,310	(1,310)	1,310

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 29. CAPITAL MANAGEMENT

The Manager's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt, equity and other financial instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest coverage and other ratios within approved limits.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not (a) before 1 January 2022, exceed 50% of the fund's deposited property; or (b) on or after 1 January 2022, exceed 45% of the fund's deposited property, provided that the Aggregate Leverage may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from new borrowings.

At the reporting date, the Aggregate Leverage and interest coverage ratios of the Group are as follows:

	Group	
	2021	2020
Aggregate leverage ratio <sup>1</sup>	40.0%	41.5%
Interest coverage ratio <sup>2</sup>	3.5x	3.0x
Adjusted interest coverage ratio <sup>3</sup>	3.1x	2.6x

<sup>1</sup> The aggregate leverage ratio includes ESR-REIT's 49.0% share of the borrowings and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 Leases.

<sup>2</sup> The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects arising from the adoption of FRS 116 Leases and the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense (excluding the effects arising from the adoption of FRS 116 Leases) and borrowing-related fees (including amortisation of debt-related transaction costs).

<sup>3</sup> The adjusted interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects arising from the adoption of FRS 116 Leases and the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense (excluding the effects arising from the adoption of FRS 116 Leases), borrowing-related fees (including amortisation of debt-related transaction costs) and distributions on perpetual securities.

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Group's capital and debt management regularly so as to optimise the Group's funding structure to meet its investment opportunities. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

### 30. SEGMENT REPORTING

Segment information is presented based on the information reviewed by the Manager's Chief Operating Decision Makers ("CODMs") for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of ESR-REIT under *FRS 108 Operating Segments*. No geographical segment information has been presented as all of the Group's investment properties are located in Singapore.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

### 31. FINANCIAL RATIOS

	2021	2020
	%	%
Expenses to weighted average net assets <sup>1</sup>		
– including performance component of management fees	1.04	1.14
– excluding performance component of management fees	1.04	1.14
Portfolio turnover rate <sup>2</sup>	3.12	–

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs and income tax expense.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

### 32. SUBSEQUENT EVENTS

Subsequent to the reporting date, the following significant events occurred:

**(a) Divestment of 28 Senoko Drive**

The Group completed the divestment of 28 Senoko Drive for a sale consideration of \$12.0 million on 14 January 2022.

**(b) Extension of Put Option agreement for 7000 AMK LLP**

On 14 February 2022, ESR-REIT and HLP entered into a Second Supplemental Deed, which among other changes, extended the Put Option until 31 December 2024 or such later date as may be agreed by the parties.

**(c) Issuance of new Units**

On 17 February 2022, the Trust issued 4.7 million new Units amounting to approximately \$2.3 million at an issue price of \$0.4790 per Unit as partial payment for the Manager's base management fees and the Property Manager's property management fees.

**(d) Divestment of 45 Changi South Avenue 2**

The Group completed the divestment of 45 Changi South Avenue 2 for a sale consideration of \$11.1 million on 14 March 2022.

### 34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board on 15 March 2022.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION OF THE ENLARGED TRUST  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2021**

The information in this Appendix IV has been extracted and reproduced from the unaudited pro forma consolidated financial information of the Enlarged Trust for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should read the Unaudited Pro Forma Financial Information in conjunction with the related notes.

The Unaudited Pro Forma Financial Information comprises the unaudited pro forma consolidated statements of total return and distributable income for the financial year ended 31 December 2021 and the unaudited pro forma consolidated statement of financial position as at 31 December 2021 which has been prepared as if the ALOG Merger had occurred on 1 January 2021 for the purpose of the statements of total return and distributable income, and on 31 December 2021 for the purpose of the statement of financial position. The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants and on the basis of the applicable criteria stated in the section “Bases and Assumptions Underlying the Unaudited Pro Forma Consolidated Financial Information of ESR-LOGOS REIT and its Subsidiaries” of the Unaudited Pro Forma Financial Information.

Potential investors are cautioned that the Unaudited Pro Forma Financial Information has been prepared on the bases, assumptions and accounting policies set out in Appendix IV of this Supplemental Information Memorandum. Consequently, the Unaudited Pro Forma Financial Information is not necessarily an indication of (i) the financial performance or the financial position that would have been realised if the Enlarged Trust (assuming that the ALOG Merger was completed and the Issuer had acquired all the units of ALOG on 1 January 2021 or 31 December 2021 (as the case may be)) had existed during the financial year ended 31 December 2021; or (ii) the financial performance or the financial position that will be realised in the future. The Unaudited Pro Forma Financial Information should be read together with these bases, assumptions and accounting policies.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial performance and financial position might have been had the Enlarged Trust (assuming that the ALOG Merger was completed and the Issuer had acquired all the units of ALOG on 1 January 2021 or 31 December 2021 (as the case may be)) existed at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial performance and the financial position that would have been attained had it actually existed earlier. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Enlarged Trust’s actual financial performance or financial position. The adjustments set forth in the Unaudited Pro Forma Financial Information are based upon available information and assumptions that the ESR-LOGOS REIT Manager believes to be appropriate.

Potential investors should exercise caution when using such data to evaluate the Group's financial performance and financial position. Please also see the risk factor titled "*The Unaudited Pro Forma Financial Information and Pro Forma Operational Information contained in this Supplemental Information Memorandum is presented for illustrative purposes only (and may not be suitable for any other purposes) and is not necessarily indicative of the future performance of the Enlarged Trust*" and the section "Appendix I - General Information - Consents" herein.

## Unaudited Pro Forma Consolidated Financial Information

In connection with the merger between ESR-LOGOS REIT  
and ARA LOGOS Logistics Trust



Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Mailing Address:  
Robinson Road  
PO Box 384  
Singapore 900734

Tel: +65 6535 7777  
Fax: +65 6532 7662  
ey.com

## **REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ESR-LOGOS REIT**

The Board of Directors  
ESR-LOGOS Funds Management (S) Limited  
(in its capacity as Manager of ESR-LOGOS REIT) (the "Manager")  
8 Changi Business Park Avenue 1  
#05-51 ESR BizPark @ Changj (South Tower)  
Singapore 486018

### **Report on the Compilation of Pro Forma Consolidated Financial Information of ESR-LOGOS REIT**

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of ESR-LOGOS REIT (the "Trust") and its subsidiaries (collectively, the "Group") in relation to the merger with ARA LOGOS Logistics Trust ("ALOG") which has been effected through the acquisition of all the units of ALOG held by the unitholders of ALOG by way of a trust scheme of arrangement (the "Scheme"), to form the enlarged trust (the "Merger") by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT). The pro forma consolidated financial information consists of the pro forma consolidated statements of total returns and distributable income for the year ended 31 December 2021, the pro forma consolidated statements of financial position as at 31 December 2021 and related notes (the "Unaudited Pro Forma Consolidated Financial Information") as set out in pages 5 to 25. The applicable criteria on the basis of which the Manager has compiled the Unaudited Pro Forma Consolidated Financial Information are described in Bases and Assumptions Underlying the Unaudited Pro Forma Consolidated Financial Information of ESR-LOGOS REIT in pages 9 to 12.

Although the Merger was completed on 28 April 2022, the Unaudited Pro Forma Consolidated Financial Information has been compiled by the Manager to illustrate the effect of the Merger with ALOG on the Group's consolidated statements of total returns and distributable income for the year ended 31 December 2021 as if the Merger had occurred on 1 January 2021; and on the Group's consolidated statement of financial position as at 31 December 2021 as if the Merger had occurred on 31 December 2021. As part of this process, information about the Unaudited Pro Forma Consolidated Financial Information has been compiled by the Manager based on the following:



- a) The audited consolidated financial statements of the Group for the year ended 31 December 2021 which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”; and
- b) The audited consolidated financial statements of ALOG for the year ended 31 December 2021 which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”.

#### The Manager’s Responsibility for the Unaudited Pro Forma Consolidated Financial Information

The Manager is responsible for compiling the Unaudited Pro Forma Consolidated Financial Information on the basis of the criteria.

#### Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion on whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, by the Manager on the basis of the criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Manager has compiled, in all material respects, the Unaudited Pro Forma Consolidated Financial Information on the basis of the criteria.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Consolidated Financial Information.



The purpose of pro forma financial information is solely to illustrate the effect of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Consolidated Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Manager in the compilation of the Unaudited Pro Forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The Unaudited Pro Forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountant's judgment, having regard to the Reporting Accountant's understanding of the nature of the entity, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion:

- a) The Unaudited Pro Forma Consolidated Financial Information has been compiled:
  - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants;
  - (i) on the basis of the applicable criteria stated in Bases and Assumptions Underlying the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Trust; and
- b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Consolidated Financial Information is appropriate for the purpose of preparing such unaudited pro forma financial information.

This letter has been prepared for inclusion in the Supplemental Information Memorandum of ESR-LOGOS REIT dated on 2 June 2022 in connection with its issue of Singapore-dollar denominated subordinated perpetual securities (comprising Series 008) under its S\$750 million multicurrency debt issuance programme.

A handwritten signature in black ink that reads 'Ernst &amp; Young LLP'.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

2 June 2022

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (THE "GROUP")**

**Statement of Total Return**

*Assuming the Merger had occurred on 1 January 2021*

	<b>Year ended 31 December 2021 S\$'000</b>
<b>Gross revenue</b>	380,846
Property expenses	(98,369)
<b>Net property income</b>	282,477
Management fees	(23,819)
Trust expenses	(9,115)
Interest income	69
Income from investments at fair value through profit or loss	9,172
Foreign exchange loss	(706)
Borrowing costs	(63,531)
Finance costs on lease liabilities for leasehold land	(21,225)
<b>Net income</b>	173,322
Gain on disposal of investment properties	1,483
Change in fair value of financial derivatives	19,954
Change in fair value of investment properties	(40,381)
Change in fair value of right-of-use of leasehold land	4,250
Fair value adjustments relating to the Merger	(479,395)
Share of results of joint venture	7,701
Change in fair value of investments at fair value through profit or loss	9,312
<b>Total loss for the year before income tax</b>	(303,754)
Income tax expense	(10,687)
<b>Total loss for the year after income tax</b>	(314,441)
 <b>Return/(Loss) attributable to:</b>	
Unitholders of ESR-LOGOS REIT and perpetual securities holders	(318,519)
Non-controlling interest	4,078
	(314,441)

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (THE "GROUP")**

**Statement of Distributable Income**

*Assuming the Merger had occurred on 1 January 2021*

	<b>Year ended 31 December 2021 S\$'000</b>
Total loss after income tax, before distribution for the year	(318,519)
Add: Distribution adjustments (Note A)	492,151
<b>Amount available for distribution to unitholders of ESR-LOGOS REIT and perpetual securities holders</b>	173,632
Amount reserved for distribution to perpetual securities holders	(18,220)
Tax exempt income	34,654
Capital distributions	2,751
<b>Amount available for distribution to unitholders of ESR-LOGOS REIT</b>	192,817

**Note A – Distribution adjustments**

	<b>Year ended 31 December 2021 S\$'000</b>
<b>Non-tax deductible/(taxable) items and other adjustments:</b>	
Trustee's fees	1,104
Management fees paid/payable in units	14,992
Property Manager's fees paid/payable in Units	2,872
Amortisation of transaction costs relating to debt facilities	9,443
Change in fair value of investment properties	40,381
Change in fair value of financial derivatives	(19,954)
Fair value adjustments relating to the Merger	479,395
Change in fair value of investment at fair value through profit or loss	(9,312)
Gain on disposal of investment property	(1,483)
Share of results of joint venture	(7,701)
Distributable income from joint venture	5,937
Deferred tax expense	6,955
Net profits from subsidiaries	(32,818)
Other tax adjustments	2,340
<b>Net effect of distribution adjustments</b>	492,151

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (THE "GROUP")**

**Statement of Financial Position**

*Assuming the Merger had occurred on 31 December 2021*

	<b>As at 31 December 2021 S\$'000</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Investment properties	4,965,810
Plant and equipment	384
Investments at fair value through profit or loss	356,380
Investment in joint venture	40,714
Other non-current assets	798
	5,364,086
<b>Current assets</b>	
Trade and other receivables	38,357
Cash and cash equivalents	39,686
	78,043
Investment properties held for divestment	29,264
	107,307
<b>Total assets</b>	5,471,393
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	90,585
Lease liabilities for leasehold land	12,247
Interest-bearing borrowings	209,439
Derivative financial instruments	3,707
Amount due to non-controlling interest	62,036
	378,014
Liabilities directly attributable to investment properties held for divestment	6,373
	384,387

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (THE "GROUP")**

**Statement of Financial Position (Cont'd)**

*Assuming the Merger had occurred on 31 December 2021 (Cont'd)*

	<b>As at 31 December 2021 S\$'000</b>
<b>Non-current liabilities</b>	
Trade and other payables	22,440
Lease liabilities for leasehold land	377,594
Interest-bearing borrowings	1,845,669
Derivative financial instruments	9,946
Deferred tax liabilities	36,924
	2,292,573
<b>Total liabilities</b>	2,676,960
<b>Net assets</b>	2,794,433
 <b>UNITHOLDERS' FUNDS</b>	
Unitholders' funds	2,391,771
Perpetual securities holders' funds	402,662
<b>Total unitholders' funds</b>	2,794,433

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (THE "GROUP")**

**INTRODUCTION**

The unaudited pro forma consolidated financial information has been prepared for inclusion in the Supplemental Information Memorandum of ESR-LOGOS REIT dated on 2 June 2022 in connection with its issue of Singapore-dollar denominated subordinated perpetual securities (comprising Series 008) under its S\$750 million multicurrency debt issuance programme to illustrate the effect of the merger of ESR-LOGOS REIT and ARA LOGOS Logistics Trust ("ALOG") through the acquisition by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-LOGOS REIT) of all the units of ALOG held by the unitholders of ALOG, in exchange for a combination of cash and units in ESR-LOGOS REIT, by way of a trust scheme of arrangement (the "Merger"). Although the Merger was completed on 28 April 2022, these unaudited pro forma consolidated financial information has been prepared by the Manager of ESR-LOGOS REIT to illustrate the effect of the Merger on the Group's consolidated statements of total returns and distributable income for the year ended 31 December 2021 as if the Merger had occurred on 1 January 2021; and on the Group's consolidated statement of financial position as at 31 December 2021 as if the Merger had occurred on 31 December 2021. Upon completion of the Merger, ALOG has become a wholly owned sub-trust of ESR-LOGOS REIT.

**BASES AND ASSUMPTIONS UNDERLYING THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**Basis of Preparation**

The unaudited pro forma consolidated financial information of ESR-LOGOS REIT and its subsidiaries (together referred to as the "Enlarged Trust") has been prepared for illustrative purposes only, and is based on certain assumptions directly attributable to the Merger resulting in certain adjustments ("pro forma adjustments") to show the pro forma financial effects on:

- (a) the unaudited pro forma consolidated statements of total return and distributable income of the Enlarged Trust for the year ended 31 December 2021 as if the Merger had occurred on 1 January 2021; and
- (b) the unaudited pro forma consolidated statement of financial position of the Enlarged Trust as at 31 December 2021 as if the Merger had occurred on 31 December 2021.

The unaudited pro forma consolidated financial information, because of its nature, may not give a true picture of the actual financial position and financial results that would have been attained had the Merger actually occurred earlier.

The unaudited pro forma consolidated financial information of the Enlarged Trust for the year ended 31 December 2021 has been compiled based on the following:

- (a) the audited consolidated financial statements of ESR-LOGOS REIT for the year ended 31 December 2021, which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"; and
- (b) the audited consolidated financial statements of ALOG for the year ended 31 December 2021 ("**FY2021 ALOG Audited Financial Statements**"), which were prepared in accordance with Singapore Financial Reporting Standards and presented in accordance with the relevant presentation principles of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds".

The auditors' reports on the consolidated financial statements of ESR-LOGOS REIT and ALOG do not contain any qualifications.

## **BASES AND ASSUMPTIONS UNDERLYING THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (CONT'D)**

### **Assumptions**

The unaudited pro forma consolidated financial information of the Enlarged Trust has been prepared on the following key assumptions:

#### ***Unaudited pro forma consolidated statements of total return and distributable income***

- (a) the Merger had occurred on 1 January 2021;
- (b) the following acquisition by ALOG ("ALOG Acquisition") had occurred on 1 January 2021 and a full year pro forma financial effect from the acquisition was included:
  - (i) completion of the development and acquisition of the Heron Property based on its contracted purchase consideration, which was actually completed on 11 January 2022,
- (c) the translation of A\$ to S\$ at the exchange rates prevailing in the preparation of the FY2021 ALOG Audited Financial Statements;
- (d) based on the number of ALOG Units issued as at the Announcement Date, the Revised Scheme Consideration of approximately S\$1,409.3 million for the Merger was settled by way of an aggregate Revised Cash Consideration of approximately S\$140.9 million and the issuance of approximately 2,575.9 million new ESR-LOGOS REIT Units;
- (e) ALOG's total borrowings and related interest rate swaps of approximately S\$761.2 million and total perpetual securities outstanding of approximately S\$101.5 million were replaced with new banking facilities of approximately S\$611.2 million at a weighted average "all-in" finance cost of 2.25% per annum and approximately S\$251.5 million of new perpetual securities at an illustrative coupon rate of 4.50% per annum;
- (f) the estimated upfront land premium of approximately S\$87.9 million, funded by new banking facilities at a weighted average "all-in" finance cost of 2.25% per annum, was paid to JTC at completion of the Merger and the Enlarged Trust did not incur any land rent expenses for the ALOG SG Real Properties<sup>1</sup> in FY2021;
- (g) acquisition fees of approximately S\$15.6 million pursuant to the Merger were paid by way of the issuance of approximately 31.7 million new ESR-LOGOS REIT Units at the illustrative issue price of S\$0.4924 per ESR-LOGOS REIT Unit;
- (h) ALOG's asset management and trustee fee structures were replaced with the management fee and trustee fee structures in the ESR-LOGOS REIT Trust Deed with effect from 1 January 2021. Consequently, no performance fee was paid by the Enlarged Trust for FY2021 and approximately 75.0% of the asset management fees for the Enlarged Trust was paid in ESR-LOGOS REIT Units;

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<sup>1</sup> "**ALOG SG Real Properties**" means the ALOG Real Properties which are located in Singapore.

**BASES AND ASSUMPTIONS UNDERLYING THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (CONT'D)**

**Assumptions (cont'd)**

***Unaudited pro forma consolidated statements of total return and distributable income (cont'd)***

- (i) estimated professional fees, stamp duty, and other fees and expenses of approximately S\$32.9 million related to the Merger were funded by new banking facilities at a weighted average "all-in" finance cost of 2.25% per annum;
- (j) transaction costs related to the Merger and the excess of the Revised Scheme Consideration over the acquired net assets of ALOG were written off; and
- (k) excludes any other operational and trust level savings or potential synergies from the Merger.

***Unaudited pro forma consolidated statement of financial position***

- (a) the Merger had occurred on 31 December 2021;
- (b) the translation of A\$ to S\$ at the exchange rates prevailing in the preparation of the FY2021 ALOG Audited Financial Statements;
- (c) the ALOG Acquisition has occurred on 31 December 2021;
- (d) based on the number of ALOG Units issued as at the Announcement Date, the Revised Scheme Consideration of approximately S\$1,409.3 million for the Merger was settled by way of an aggregate Revised Cash Consideration of approximately S\$140.9 million and the issuance of approximately 2,575.9 million new ESR-LOGOS REIT Units;
- (e) ALOG's total borrowings and related interest rate swaps of approximately S\$761.2 million and total perpetual securities outstanding of approximately S\$101.5 million were replaced with new banking facilities of approximately S\$611.2 million at a weighted average "all-in" finance cost of 2.25% per annum and approximately S\$251.5 million of new perpetual securities at an illustrative coupon rate of 4.50% per annum;
- (f) estimated upfront land premium of approximately S\$87.9 million, funded by new banking facilities at a weighted average "all-in" finance cost of 2.25% per annum, was paid to JTC at completion of the Merger;
- (g) acquisition fees of approximately S\$15.6 million pursuant to the Merger were paid by way of the issuance of approximately 31.7 million new ESR-LOGOS REIT Units at the illustrative issue price of S\$0.4924 per ESR-LOGOS REIT Unit;
- (h) estimated professional fees, stamp duty, and other fees and expenses of approximately S\$32.9 million related to the Merger were funded by new banking facilities at a weighted average "all-in" finance cost of 2.25% per annum; and

**BASES AND ASSUMPTIONS UNDERLYING THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF ESR-LOGOS REIT AND ITS SUBSIDIARIES (CONT'D)**

**Assumptions (cont'd)**

***Unaudited pro forma consolidated statement of financial position (cont'd)***

- (i) transaction costs related to the Merger and the excess of the Revised Scheme Consideration over the acquired net assets of ALOG were written off.

***Contingent liability as disclosed in FY2021 ALOG Audited Financial Statements***

On 1 April 2022, HSBC Institutional Trust Services (Singapore) Limited (as trustee of ALOG) and ARA LOGOS Property Management Pte Ltd (as property manager of ALOG) received a writ of summons from a former tenant of a property in Singapore, claiming damages from losses suffered amounting to approximately \$8.0 million plus interest and costs arising from damages in its rented premises. Based on its assessment of the merits of the claim which has yet to be determined by the court, ARA LOGOS Logistics Trust Management Limited (as manager of ALOG) (the "ALOG Manager") has determined that provision for this claim need not be recognised as the ALOG Manager does not consider it probable that these proceedings will result in a significant outflow of resources. Accordingly, no adjustments have been made in this unaudited pro forma consolidated financial information of the Enlarged Trust.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

**1. Basis of preparation**

1.1 Statement of compliance

The unaudited pro forma consolidated financial information is prepared in accordance with the bases set out in the Bases and Assumptions Underlying the Unaudited Pro Forma Consolidated Financial Information section and applied to the financial information prepared in accordance with the Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

1.2 Basis of measurement

The unaudited pro forma consolidated financial information is prepared on the historical cost basis, except as disclosed in the accounting policies below.

1.3 Functional and presentation currency

The unaudited pro forma consolidated financial information is presented in Singapore dollars, which is ESR-LOGOS REIT’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

**2. Summary of significant accounting policies**

2.1 Basis of consolidation

*Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Enlarged Trust. Changes in the Enlarged Trust’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the unaudited pro forma consolidated financial information.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

**2.2 Investment in joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Enlarged Trust accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Enlarged Trust's share of net assets of the joint venture. The statement of total return reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Enlarged Trust and joint venture are eliminated to the extent of the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Enlarged Trust. When necessary, adjustments are made to bring the accounting policies in line with those of the Enlarged Trust.

When the Enlarged Trust's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Enlarged Trust has an obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

After application of the equity method, the Enlarged Trust determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Enlarged Trust determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Enlarged Trust calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value.

Upon loss of joint control over the joint venture, the Enlarged Trust measures and recognises any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of total return.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

**2.3 Investment properties**

Investment properties are properties that are owned by the Enlarged Trust and held to earn rentals or for capital appreciation, or both but not for sale in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment. They are initially measured at cost, including transaction costs and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property

Any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Enlarged Trust. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly valued on the basis set out above.

**2.4 Investment properties held for divestment**

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

**2.5 Plant and equipment**

*Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Manager.

*Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation on plant and equipment is recognised as an expense in the statement of total return and calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Fixtures and fittings: 3 years
- Plant, machinery and improvements: 2 to 20 years
- Office equipment: 3 years

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

*Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Enlarged Trust, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

*Disposal*

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the statement of total return.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.6 Leases

The Enlarged Trust assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Enlarged Trust as a lessee*

The Enlarged Trust applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Enlarged Trust recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Enlarged Trust recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value and are derived by discounting future lease payments using the Enlarged Trust's incremental borrowing rate for borrowings of similar amount and tenor. Any increase or decrease in right-of-use assets is credited or charged directly to the statement of total return. Right-of-use assets which meets the definition of an investment property is accounted for in accordance with Note 2.3.

ii) *Lease liabilities*

At the commencement date of the lease, the Enlarged Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Enlarged Trust uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Enlarged Trust as a lessor*

Leases in which the Enlarged Trust does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.13. Contingent rents are recognised as revenue in the period in which they are earned.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.7 Financial instruments

(a) Financial assets

*Initial recognition and measurement*

Financial assets are recognised when, and only when the Enlarged Trust becomes a party to the contractual provisions of the instruments. At initial recognition, the Enlarged Trust measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of total return. Trade receivables are measured at the amount of consideration to which the Enlarged Trust expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Enlarged Trust's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of total return when the assets are derecognised or impaired, and through amortisation process.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the statement of total return.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.7 Financial instruments (cont'd)

(b) Financial liabilities

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Enlarged Trust becomes a party to the contractual provisions of the financial instruments. The Enlarged Trust determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

*Subsequent measurement*

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of total return when the liabilities are derecognised and through the amortisation process.

Derivative financial instruments

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the statement of total return.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

*Netting of financial assets and liabilities*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Enlarged Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.8 Impairment

(a) Financial assets

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Enlarged Trust applies a simplified approach in calculating ECLs. Therefore, the Enlarged Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Enlarged Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Enlarged Trust considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Enlarged Trust may also consider a financial asset to be in default when internal or external information indicates that the Enlarged Trust is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Enlarged Trust. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Non-financial assets

The Enlarged Trust assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Enlarged Trust makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of total return.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

2.10 Provisions

Provisions are recognised when the Enlarged Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.11 Unitholders' funds

Unitholders' funds represent the unitholders' residual interest in the Enlarged Trust's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of units are deducted directly against unitholders' funds.

2.12 Perpetual securities

The perpetual securities may be redeemed at the option of the Enlarged Trust. Distributions to the perpetual securities holders are payable semi-annually in arrears on a discretionary basis and will be non-cumulative.

Accordingly, the perpetual securities are classified as equity and the expenses relating to their issue are deducted directly against unitholders' funds.

2.13 Revenue recognition

(a) Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(b) Interest income

Interest income is accrued using the effective interest method.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.14 Expenses

(a) Property expenses

Property expenses are recognised on an accrual basis and include Property Manager's fee.

(b) Management fees

Management fees are recognised on an accrual basis.

(c) Trust expenses

Trust expenses are recognised on an accrual basis and include trustee's fees.

(d) Borrowing costs

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the statement of total return using the effective interest method over the period of borrowings.

2.15 Taxation

(a) Current tax and deferred tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Enlarged Trust is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.15 Taxation (cont'd)

(a) Current tax and deferred tax (cont'd)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Enlarged Trust expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Enlarged Trust takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Enlarged Trust believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Enlarged Trust to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued tax rulings on the taxation of ESR-LOGOS REIT and its unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee of ESR-LOGOS REIT will not be assessed to tax on the taxable income of ESR-LOGOS REIT on certain types of income. Instead, the Trustee and the Manager of ESR-LOGOS REIT will deduct income tax (if required) at the prevailing corporate tax rate (currently 17.0%) from the distributions made to unitholders that are made out of their taxable income in that financial year, except:

- (i) where the beneficial owners are Qualifying Unitholders, the Trustee and Manager of ESR-LOGOS REIT will make the distributions to such unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Non-resident Non-individual Unitholders or Qualifying Non-resident Funds, the Trustee and Manager of ESR-LOGOS REIT will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made on or before 31 December 2025.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.15 Taxation (cont'd)

(a) Current tax and deferred tax (cont'd)

A "Qualifying Unitholder" is a unitholder who is:

- an individual and who holds the Units either in his sole name or jointly with other individuals;
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap.37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (cap. 333));
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap.145); and
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A "Non-resident Non-individual Unitholder" is one, not being an individual, which is not a resident of Singapore for income tax purposes and;

- which does not have a permanent establishment in Singapore; or
- which carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A "Qualifying Non-resident Fund" is one that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purpose and;

- which does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- which carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by ESR-LOGOS REIT. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee of ESR-LOGOS REIT. Where the gains are capital gains, they will not be assessed to tax and the Trustee and Manager of ESR-LOGOS REIT may distribute the capital gains without having to deduct tax at source.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
OF ESR-LOGOS REIT AND ITS SUBSIDIARIES**

**NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION  
(CONT'D)**

**2. Summary of significant accounting policies (cont'd)**

2.15 Taxation (cont'd)

(b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.16 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Enlarged Trust; or
- (b) A present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Enlarged Trust.

Contingent liabilities and assets are not recognised in the statement of financial position of the Enlarged Trust, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**3. Significant accounting judgements and estimates**

3.1 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager of the Enlarged Trust to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

## MERGER BETWEEN ESR-LOGOS REIT (FORMERLY KNOWN AS ESR-REIT AND CAMBRIDGE INDUSTRIAL TRUST) AND ALOG

*Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including but not limited to ALOG and the ALOG Manager), the sole responsibility of the ESR-LOGOS REIT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Appendix V. The information in such third party sources have not been independently verified, and none of the Issuer, the ESR-LOGOS REIT Manager, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person makes any representation as to the accuracy of that information. For the avoidance of doubt, the information in relation to ALOG set out below pertain to the historical information of ALOG prior to the completion of the ALOG Merger (as defined below). The ESR-LOGOS REIT Manager does not accept any responsibility for any such information relating to ALOG or any opinion expressed by ALOG and the ALOG Manager.*

**Potential investors should exercise caution when using such data to evaluate the Group's financial performance and financial position.**

### **Merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a trust scheme of arrangement**

On 5 August 2021, the ESR-LOGOS REIT Manager announced that ESR has entered into an acquisition agreement with ARA in relation to the proposed acquisition of the ARA Group. On 20 January 2022, the acquisition of the ARA Group was implemented by a combination of the sale and purchase of the shares of ARA and the merger of ARA with another company to become a wholly owned subsidiary of ESR. Following the acquisition of the ARA Group, ARA became a wholly-owned subsidiary of ESR and ESR indirectly owns 86.4% of the ALOG Manager.

On 15 October 2021, ESR-REIT announced the acquisition of ALOG which will be effected by way of a trust scheme of arrangement in accordance with the Singapore Code on Take-overs and Mergers. The ALOG Merger was approved on 21 March 2022 by the unitholders of ESR-REIT and ALOG. ALOG is a REIT listed on the SGX-ST, which invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets in APAC. Based on publicly available information, ALOG's portfolio includes 29 (9 in Singapore and 20 in Australia) high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia, with a total GFA of approximately one million sqm as at 31 December 2021. ALOG also owns a 49.5% stake in New LAIVS Trust and a 40.0% stake in Oxford Property Fund as at 31 December 2021. New LAIVS Trust has a portfolio of 4 logistics properties in Australia and Oxford Property Fund holds 1 logistics property in Australia.

The merger has been effected through the acquisition by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) of all the issued and paid-up units in ALOG held by the unitholders of ALOG in exchange for a combination of cash and units in ESR-LOGOS REIT. On 22 April 2022, the merger between ESR-REIT and ALOG became effective and binding in accordance with its terms. Following the completion of the merger on 28 April 2022, ALOG has become a wholly-owned sub-trust of ESR-LOGOS REIT and ALOG delisted from the SGX-ST on 5 May 2022 and renamed as "ALOG Trust". On 28 April 2022, the ESR-LOGOS REIT Manager announced that the name of the REIT would be changed from "ESR-REIT" to "ESR-LOGOS REIT" with effect from 5 May 2022.

## **Key benefits of the ALOG Merger**

The ALOG Merger is a combination of two “best-in-class” platforms to create a well-diversified portfolio with a broader geographic diversification while maintaining strategic focus in developed markets. The aim of the ALOG Merger is to create a more resilient and diversified platform that is well-positioned to leverage on the enlarged ESR Group’s New Economy pipeline for future growth.

The key benefits of the ALOG Merger includes:

- Exposing the Enlarged Trust’s portfolio to sustainable “in-demand” New Economy properties: The Enlarged Trust’s portfolio is underpinned by its core focus in New Economy real estate in logistics and high-specifications industrial, which accounts for 64.6%<sup>1</sup> of its total portfolio. This provides the Enlarged Trust with outsized exposure to benefits from the largest secular growth opportunity in Asia, leveraging on the integrated value chain of consumption, production and delivery, to create an environment of sustainable demand for New Economy real estate whilst enjoying favourable supply dynamics.

Such real estate includes (i) logistics and high-specs industrial space focused on e-commerce growth, (ii) high value-added manufacturing such as precision engineering, (iii) data centres, and (iv) cold storage facilities.

Furthermore, the Enlarged Trust’s Australia portfolio will comprise a strategic network of 21 portfolio properties and 42 fund properties across key economic hubs in Australia as at 31 March 2022. This is attractive to new and existing tenants seeking seamless real estate solutions across such key economic hubs.

- Enhanced tenant quality and increased flexibility and ability to drive growth: The Enlarged Trust is expected to benefit from a combined pool of high-quality tenants that enhances the quality and diversification of its tenant base. With the enlarged tenant base across a wide range of industries, tenant concentration risks are expected to be reduced.

With opportunities for operational synergies and efficiency brought about by its enhanced size and scale, the Enlarged Trust can leverage on expanded marketing, leasing and asset management platforms to extract economies of scale across its operations.

In addition, the Enlarged Trust’s enlarged platform increases its capacity to acquire sizeable properties and undertake larger AEI and development projects. The enlarged scale also provides the Enlarged Trust with greater flexibility to reposition its portfolio towards New Economy properties, attracting long-term interest from “in-demand” sectors, conduct active portfolio rebalancing and capital recycling.

The enlarged scale of the combined portfolio and increased free float will enhance the Enlarged Trust’s visibility within the S-REIT universe and increase relevance amongst the investment community. This well positions the Enlarged Trust to attract a wider base of institutional investors, increase analyst coverage, enjoy greater representation on the FTSE ERPA NAREIT Global Developed Index and potential inclusion in other major indices, potentially leading to a positive re-rating.

With a 100% unencumbered portfolio, the Enlarged Trust is also expected to lower its cost of debt to 2.86%<sup>2</sup> from 3.31% as at 31 December 2021 and have an enhanced ability to access more diverse and competitive pools of capital while retaining balance sheet flexibility.

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1 Based on GRI for the month of March 2022. Excludes contribution from fund properties.

2 Pro forma financials as at December 2021.

Consequently, with a larger capital base, increased debt headroom and lower cost of capital, the Enlarged Trust will be better positioned to pursue growth opportunities.

- Provide transformational scale and unrivalled access to the ESR Group's pipeline and network: The ALOG Merger will accelerate the Enlarged Trust's transformation into a New Economy and future-ready APAC S-REIT of scale. The Enlarged Trust will be sponsored by ESR Group and will be able to leverage the largest New Economy pipeline in APAC to supercharge its growth to become a leading future-ready APAC S-REIT.

The ALOG Merger also removes any potential overlapping mandate between ESR-REIT and ALOG, and provides the Enlarged Trust with access to the ESR Group's New Economy asset pipeline in an increasingly scarce environment for quality logistics properties which will accelerate the Enlarged Trust's growth as a dominant future-ready APAC S-REIT.

The Enlarged Trust will also be able to leverage on ESR Group's fully integrated New Economy focused platform, the largest amongst S-REIT sponsors by AUM. This provides tangible benefits including (i) access to a global tenant network, (ii) leverage on local presence to de-risk new market entry, (iii) improving its deal sourcing network, (iv) potential partnership opportunities for new acquisitions, and (v) leveraging on ESR Group's capital sourcing network and its capital commitment to the Enlarged Trust to fund growth.

- Enhanced ESG offerings: The ALOG Merger will further reinforce the Enlarged Trust's commitment to green initiatives and ESG performance and disclosure. Reducing carbon footprint, potential usage of green financing methods and providing further community support are key initiatives that the Enlarged Trust will continue to pursue.

## PROPERTY STATISTICS AND DETAILS OF ALOG AS AT 31 DECEMBER 2021

- Properties and Property Types**

The table below sets out certain information on the properties of ALOG as at 31 December 2021.

	<b>Address</b>	<b>Asset Type</b>	<b>Land Tenure (years)</b>	<b>Acquisition Date</b>
1.	24 Penjuru Road, Singapore (ALOG Commodity Hub)	Ramp-up Logistics Warehouses	29	19 August 2006
2.	2 Fishery Port Road, Singapore (ALOG Cold Centre)	Cold Storage	30+30	20 December 2005
3.	51 Alps Avenue, Singapore (Schenker Megahub)	Ramp-up Logistics Warehouses	30+30	1 June 2005
4.	5 Changi South Lane, Singapore (ALOG Changi DistriCentre 1)	Ramp-up Logistics Warehouses	30+30	16 August 2005
5.	22 Loyang Lane, Singapore (Air Market Logistics Centre)	Cargo Lift Logistics Warehouses	30+16	1 February 2007
6.	21 Changi North Way, Singapore (Pan Asia Logistics Centre)	Ramp-up Logistics Warehouses	30	1 June 2010
7.	49 Pandan Road, Singapore (Pandan Logistics Hub)	Ramp-up Logistics Warehouses	30	1 October 2009
8.	15 Gul Way, Singapore (ALOG Gul LogisCentre)	Ramp-up Logistics Warehouses	30	1 October 2003
9.	1 Greenwich Drive, Singapore (DHL Supply Chain Advanced Regional Centre)	Ramp-up Logistics Warehouses	30	16 June 2014
10.	127 Orchard Road, Chester Hill, New South Wales, Australia	Logistics Facilities	Freehold	27 February 2015
11.	16-28 Transport Drive, Somerton, Victoria, Australia	Logistics Facilities	Freehold	27 February 2015
12.	51 Musgrave Road, Coopers Plains, Queensland, Australia	Logistics Facilities	Freehold	27 February 2015
13.	203 Viking Drive, Wacol, Queensland, Australia	Logistics Facilities	Freehold	23 October 2015
14.	223 Viking Drive, Wacol, Queensland, Australia	Logistics Facilities	Freehold	4 December 2015
15.	217-225 Boundary Road, Laverton North, Victoria, Australia	Logistics Facilities	Freehold	22 March 2017
16.	182-198 Maidstone Street, Altona, Victoria, Australia	Logistics Facilities	Freehold	29 April 2019
17.	11-19 Kellar Street, Berrinba, Queensland, Australia	Logistics Facilities	Freehold	15 February 2018
18.	3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	Logistics Facilities	Freehold	15 February 2018

	<b>Address</b>	<b>Asset Type</b>	<b>Land Tenure (years)</b>	<b>Acquisition Date</b>
19.	67-93 National Boulevard, Campbellfield, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
20.	41-51 Mills Road, Braeside, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
21.	76-90 Link Drive, Campbellfield, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
22.	41-45 Hydrive Close, Dandenong, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
23.	196 Viking Drive, Wacol, Queensland, Australia	Logistics Facilities	Freehold	15 February 2018
24.	16-24 William Angliss Drive, Laverton North, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
25.	151-155 Woodlands Drive, Braeside, Victoria, Australia	Logistics Facilities	Freehold	15 February 2018
26.	1-5 & 2-6 Bishop Drive, Port of Brisbane, Queensland, Australia	Logistics Facilities	55	21 April 2021
27.	8 Curlew Street, Port of Brisbane, Queensland, Australia	Logistics Facilities	46	21 April 2021
28.	53 Peregrine Drive, Port of Brisbane, Queensland, Australia	Logistics Facilities	40	21 April 2021
29.	47 Logistics Place, Larapinta, Queensland, Australia	Logistics Facilities	Freehold	16 April 2021
30.	Investment in New LAIVS Trust		N.A.	16 April 2021
31.	Investment in Oxford Property Fund		N.A.	16 April 2021

## ANNOUNCEMENT OF PRO FORMA OPERATIONAL AND OTHER INFORMATION RELATING TO THE ENLARGED TRUST DATED 2 JUNE 2022

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The information in this Appendix VI has been extracted and reproduced from the ESR-LOGOS REIT Manager's announcement of the pro forma consolidated operational information relating to the Enlarged Trust dated 2 June 2022 (the "**Pro Forma Operational Information**") and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should also note that certain unaudited pro forma financial information of the Enlarged Trust has been included in Appendix VI. Such information has been derived from, and should be read in conjunction with, the Unaudited Proforma Financial Information, including the notes thereto, appearing in Appendix IV of this Supplemental Information Memorandum.

The objective of the Pro Forma Operational Information is to show what the performance and operational position of ESR-LOGOS REIT might have been had the Enlarged Trust (assuming that the ALOG Merger was completed and the Issuer had acquired all the ALOG units of ALOG units on 1 January 2021, 31 December 2021 or 31 March 2022 (as the case may be)) existed at an earlier date. However, the Unaudited Pro Forma Operational Information is not necessarily indicative of the performance and operational position that would have been attained had it actually existed earlier. The Pro Forma Operational Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Enlarged Trust's actual performance or operational position. It is not the intention of this Appendix VI to provide, and investors may not rely solely on this Appendix VI as providing, a complete or comprehensive analysis of the Group's business, financial condition, results of operations or prospects.

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**See further the risk factor "*The Unaudited Pro Forma Financial Information and Pro Forma Operational Information contained in this Supplemental Information Memorandum is presented for illustrative purposes only (and may not be suitable for any other purposes) and is not necessarily indicative of the future performance of the Enlarged Trust*".**

*For the avoidance of doubt, references in the Pro Forma Operational Information to "the REIT" are to "ESR-LOGOS REIT", references to "Manager" or "REIT Manager" are to "ESR-LOGOS REIT Manager" and references to "the Merger" are to "the ALOG Merger" for the purposes of this Supplemental Information Memorandum.*



# Investor Presentation

June 2022



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The Information comprises pro forma consolidated operational information relating to ESR-LOGOS REIT as of (in selected sections) 31 December 2021 and 31 March 2022 (the **Pro Forma Operational Information**). The objective of the Pro Forma Operational Information is to show what the performance and operational position might have been had ESR-LOGOS REIT (assuming that the merger between ESR-REIT and ARA LOGOS Logistics Trust was completed and ESR-REIT had acquired all the units of ARA LOGOS Logistics Trust on 1 January 2021, 31 December 2021 or 31 March 2022 (as the case may be)) existed at an earlier date. However, the Pro Forma Operational Information is not necessarily indicative of the performance and operation position that would have been attained had it actually existed earlier. The Pro Forma Operational Information has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of ESR-LOGOS REIT's actual performance and operational position. Potential investors should exercise caution when using such data to evaluate ESR-LOGOS REIT's performance (financial or otherwise), financial position and operational position.



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**Overview of ESR-LOGOS REIT**



**Key Investment Highlights**



**Our Business Strategy**



**ESG Updates**



**Appendix I: Summary of Unaudited Proforma Consolidated Financial Information of ESR-LOGOS REIT**



**Appendix II: ESR-REIT on a Standalone basis**





# Overview of ESR-LOGOS REIT

19 Tai Seng Avenue | High-Specs Industrial

# ESR-LOGOS REIT: Future-Ready APAC Industrial S-REIT

Portfolio of Quality Diversified Assets across Key Gateway Markets



Portfolio

**84 Properties**



Investments

**3 Property Funds**



Total Assets

**S\$5.5 billion**

AUM<sup>(1)</sup>

**S\$5.0 billion**



Total Net Lettable Area

**2.4 million sqm**



Portfolio Occupancy

**93.9%**



Weighted Average Lease Expiry

**3.3 years**



Proportion of New Economy Assets<sup>(2)</sup>

**64.6%**



ESG Targets

**GRESB submission**

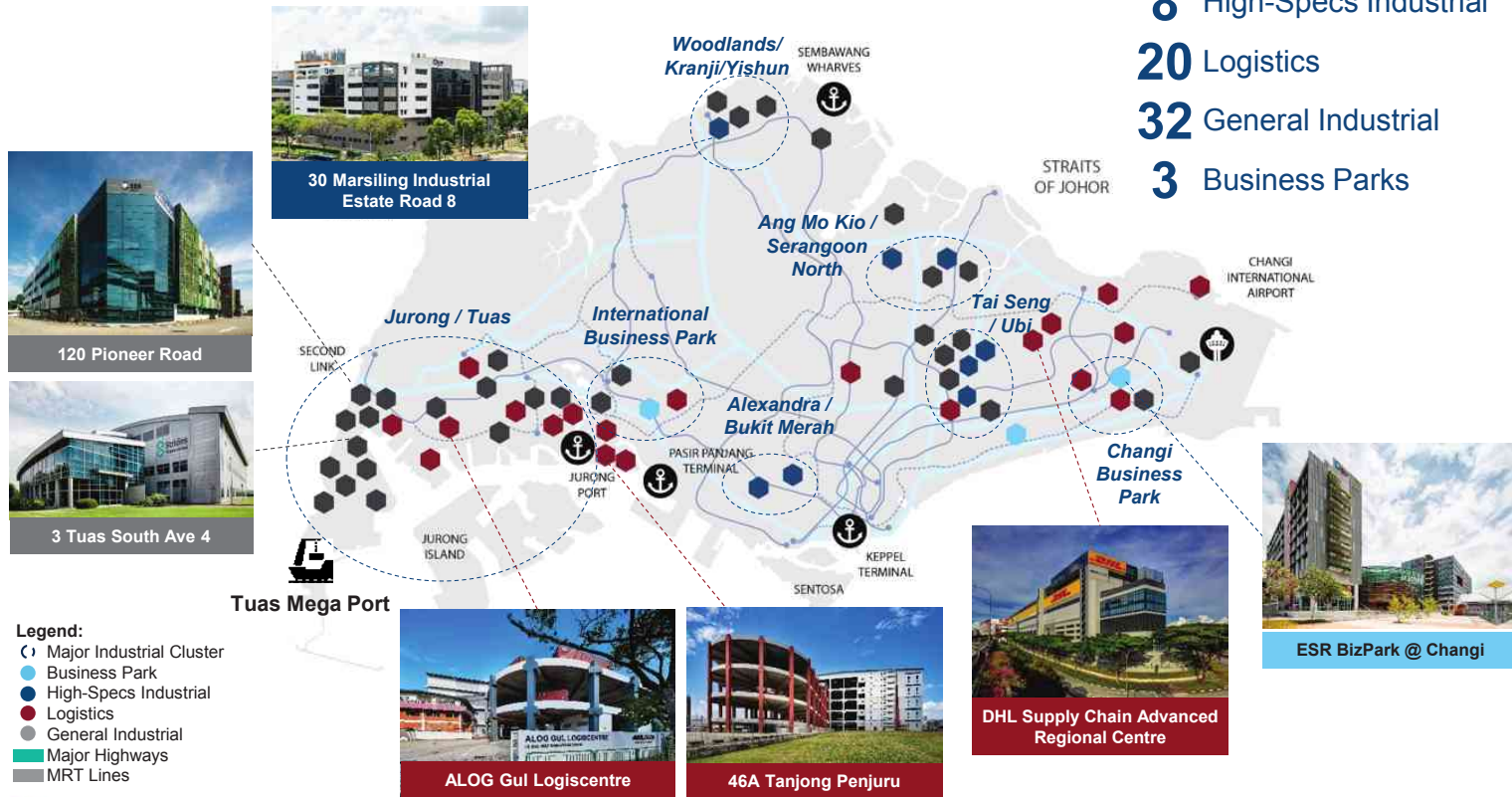


Notes: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the merger between ESR-REIT and ARA LOGOS Logistics Trust (the "ALOG Merger") was completed as at 31 March 2022. (1) Based on ESR-LOGO REIT's proforma Assets Under Management ("AUM") as at 31 March 2022 and refers to the total value of investment properties (excluding right of use of leasehold land) and investments in joint venture and property funds. (2) New Economy refers to logistics and high-specs industrial sectors.

# Singapore Portfolio (76.7% of AUM): Well Located Assets within Key Industrial Zones

Portfolio of 63 assets across 4 asset classes located close to major transportation hubs and within key industrial zones across Singapore

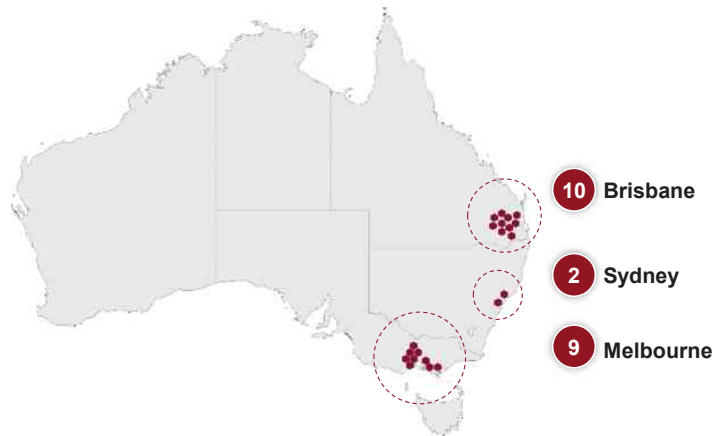
- 8 High-Specs Industrial
- 20 Logistics
- 32 General Industrial
- 3 Business Parks



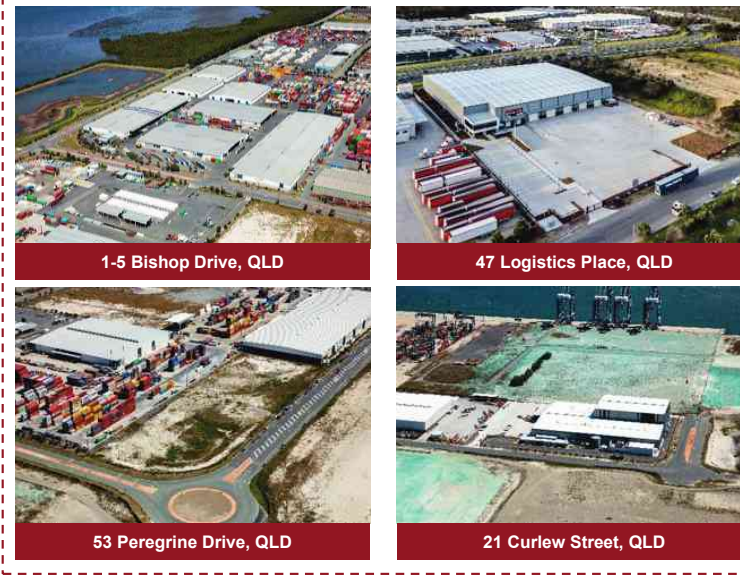
Note: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022.

# Australia Portfolio (15.5% of AUM): Exposure to Attractive Logistics Sector via Directly Held Properties

- 21** Logistics<sup>(1)</sup>
- 17** Freehold Assets
- 4** Leasehold Assets



## Port of Brisbane, Queensland



Notes: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022. (1) ESR-LOGOS REIT will have 20 Logistics assets in Australia upon completion of the divestment of Berkeley Vale announced on 25 May 2022.

## Fund Investments (7.8% of AUM): Exposure to Attractive Logistics Sector via Direct Portfolio and Three Funds

ESR-LOGOS REIT holds investments in three property funds aggregating A\$377.6m



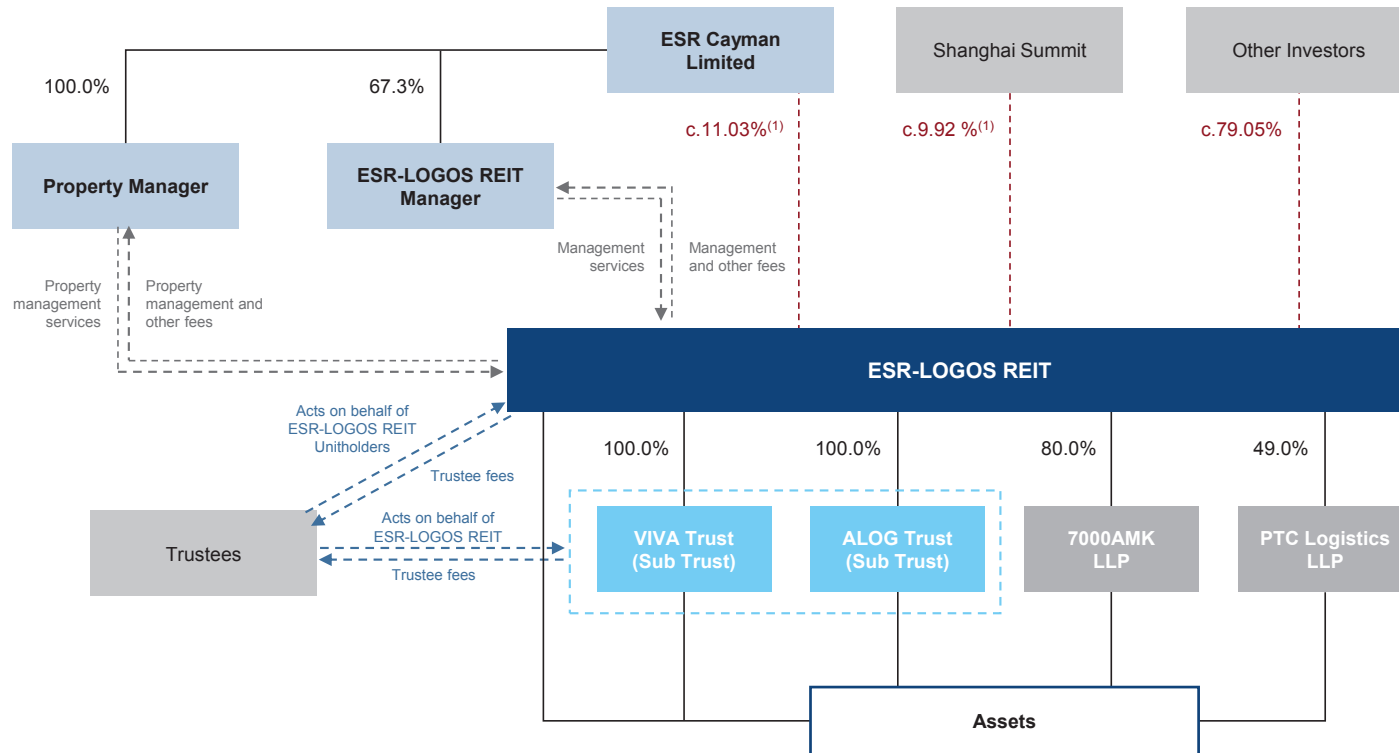
	1 New LAIVS Trust	2 Oxford Property Fund	3 ESR Australia Logistics Partnership
Equity Interest	49.5% (A\$177.8 million)	40.0% (A\$120.3 million)	10.0% (A\$79.5 million)
Number of Properties	4	1	37 consisting of: 34 income-producing properties 3 development sites
Property Type	Distribution Centres	Cold Storage	Logistics Properties
Land Tenure <sup>(1)</sup>	3 Freehold Assets 1 Leasehold Asset	1 Freehold Asset	30 Freehold Asset 4 Leasehold Asset
Land Area	431,310 sqm	229,000 sqm	1,308,101 sqm
Gross Lettable Area	155,891 sqm	123,353 sqm	561,508 sqm
Net Asset Value	A\$359.3 million	A\$300.8 million	A\$794.7 million
WALE	5.4 years	18.8 years	4.9 years



Note: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022. (1) Excluding land and ongoing developments.

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# ESR-LOGOS REIT's Trust Structure



Note: (1) Includes direct interests and/or deemed interests through holding entities in ESR-LOGOS REIT. As at 28 April 2022.

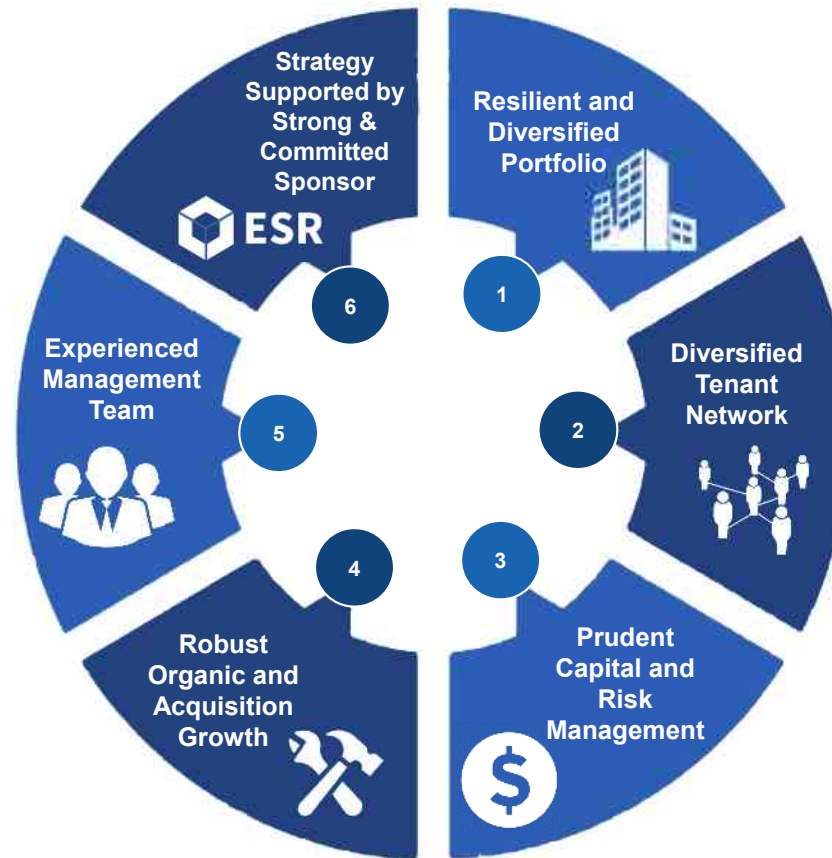


# Key Investment Highlights

ESR BizPark @ Changi | Business Park

# Key Investment Highlights

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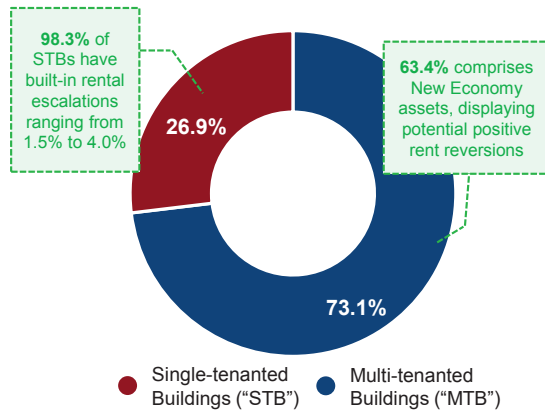


# 1 Resilient and Diversified Portfolio

c.64.6%<sup>(1)</sup> of Portfolio's is underpinned by New Economy<sup>(2)</sup> Real Estate

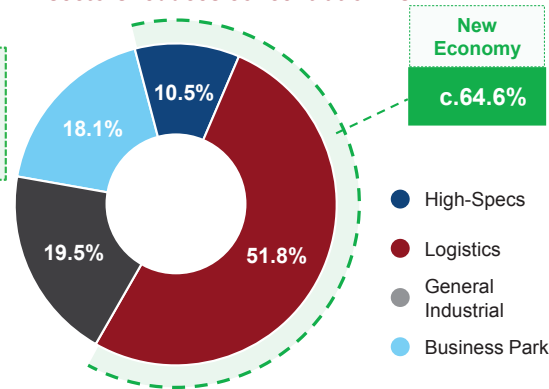
## STB and MTB Breakdown (by effective gross rent)

- MTB-STB exposure provides good income stability with growth upside



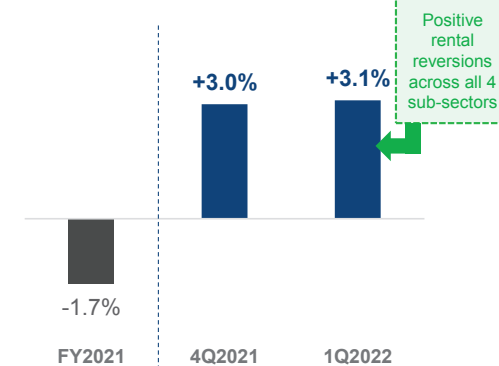
## Diversified by Asset Class (by effective gross rent)

- Diversification across 4 industrial sub-sectors reduces concentration risk



## Potentially Improving Portfolio Positive Rental Reversion<sup>(3)</sup>

- Increase of 3.1% as at 1Q2022, driven by robust positive rental reversions across all four sub-sectors



**Benefits From Product Offering to "In-Demand" Sectors such as Logistics, High-Specs and Cold Storage**

**Logistics** due to the shift in the way goods are produced, delivered and consumed

1-5 & 2-6 Bishop Drive

Highly sought after and scarce **cold storage facilities**

ALOG Cold Centre

**High-Specs Industrial properties** focusing on high value added sectors

7000 Ang Mo Kio Avenue 5

3PL Logistics   Info-Comm & IT   Data Centers   R&D Focused   Specialized Manufacturing   Cold Storage

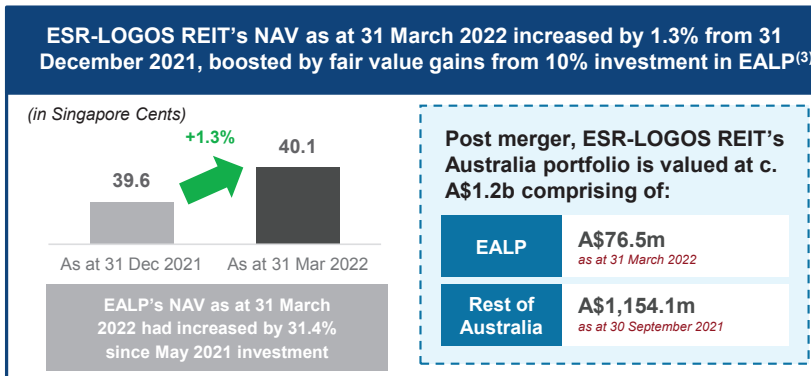
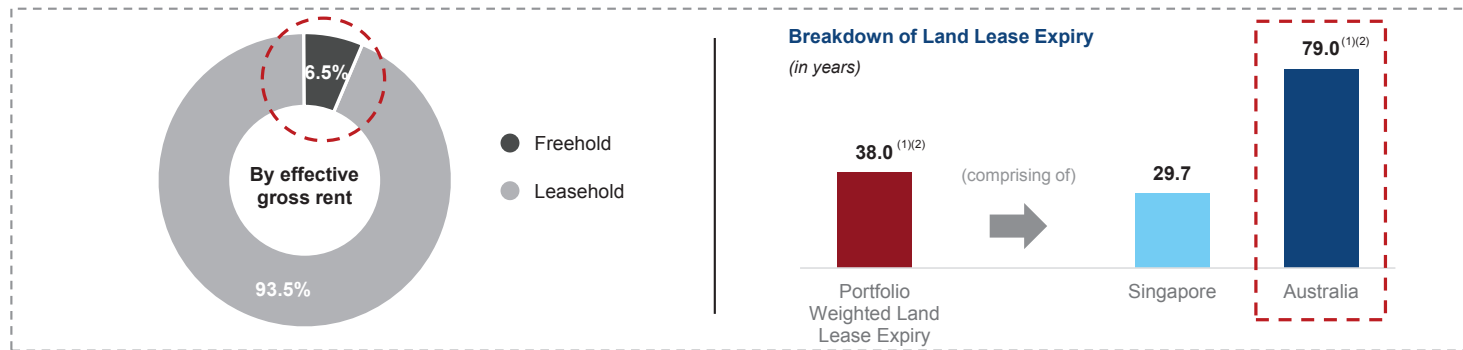


Notes: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022. (1) Based on the month of March 2022. Excludes contribution from fund properties. (2) New Economy refers to logistics and high-specs industrial sectors. (3) Refers to ESR-LOGOS REIT on a standalone basis.

# 1 Resilient and Diversified Portfolio

Access to Freehold and Long Land Lease Tenure Assets Potentially Provides Long-Term NAV Uplift

Exposure to freehold and long land lease tenure assets strengthens portfolio quality and potentially increases NAV in the long run



- Given industrial assets in Singapore are all on leasehold tenure, increased exposure to overseas freehold and long land lease tenure assets will:**
- ✓ Mitigate risks from the declining land lease
  - ✓ Create defensive portfolio against valuation decay
  - ✓ Potentially providing NAV uplift



Notes: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022. (1) Excludes investments in fund properties. Weighted on valuation as at 31 March 2022. (2) Assumes that freehold land has an equivalent land lease tenure of 99 years. (3) Refers to ESR Australia Logistics Partnership.

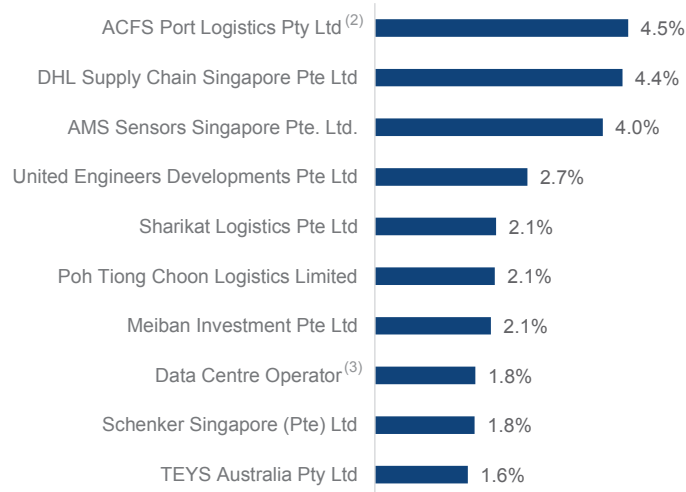
## 2

### Diversified Tenant Network

### Low Tenant Concentration Risk and Well Diversified Trade Mix

#### Top 10 ESR-LOGOS REIT tenants<sup>(1)</sup>

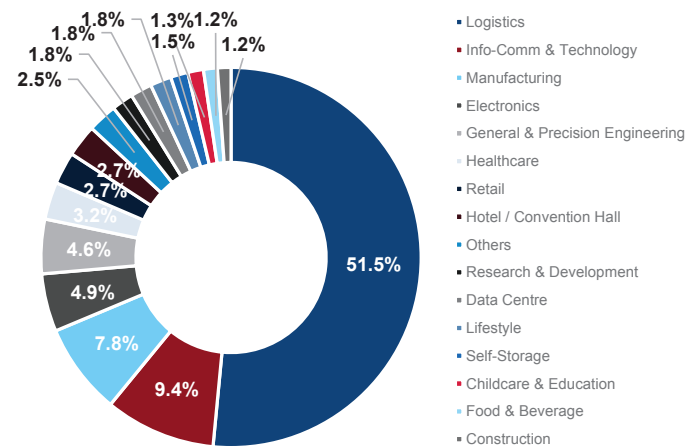
Top 10 tenants remains stable, accounting for **27.1%** of effective gross rental income for March 2022



No single tenant contributes more than **4.5%** of ESR-LOGOS REIT's effective gross rental income for March 2022

#### Breakdown by trade sectors by gross rental income<sup>(4)</sup>

Portfolio of **441** diverse tenants as at 31 March 2022 increased against 358 tenants in FY2021



Quality tenant base catering to the changing market arising from structural trends and changing consumption patterns advanced and complex manufacturing and engineering processes & systems, digitalisation, e-commerce etc.



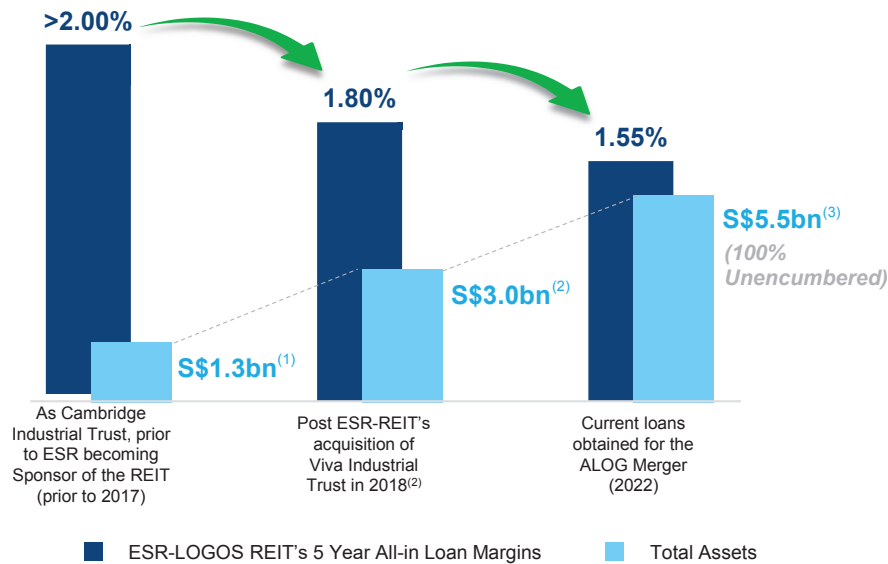
Notes: Unless otherwise stated, all references to portfolio of ESR-LOGOS REIT metrics in this presentation are presented on a proforma basis assuming the ALOG Merger was completed as at 31 March 2022. (1) Excludes contribution from fund properties. Based on the month of March 2022. (2) ACFS Port Logistics had acquired IPS Logistics' Port of Brisbane operations in July 2021. (3) Tenant not named due to confidentiality obligations. (4) Based on the combined gross rental income for the month of March 2022.

### 3 Prudent Capital and Risk Management

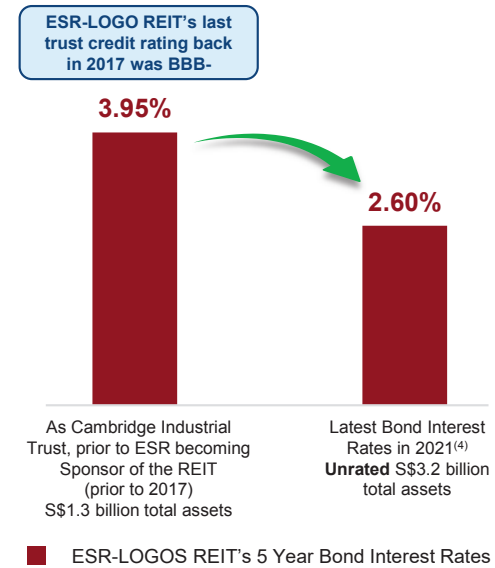
#### Strengthening Credit Profile has Enabled the REIT to Lower its Financing Costs

ESR-LOGOS REIT's cost of financing from both loans and bonds have been decreasing as its unencumbered total assets have correspondingly increased since ESR became a Sponsor of the REIT

##### Lower Cost of Loan Financing



##### Lower Cost of Bond Financing



- ✓ Increase in scale has proven to deliver significant benefits by reducing ESR-LOGOS REIT's cost of capital
- ✓ ESR-LOGOS REIT is reviewing options for a trust credit rating given its S\$5.5 billion diversified and unencumbered portfolio. If favourable, this would enable ESR-LOGOS REIT to potentially further lower its funding costs and increase debt tenor from both loan and capital markets in the future



Notes: (1) As at 31 December 2016. (2) As at 31 December 2018. (3) Presented on a proforma basis assuming the ALOG Merger was completed as at 31 December 2021 (see Appendix I for more details). (4) Refers to ESR-LOGOS REIT on a standalone basis.

### 3 Prudent Capital and Risk Management Successful Capital Raisings Across Various Funding Products

Well-supported by our banking partners and have successfully tapped into new pools of capital

*Start of the COVID-19 pandemic*

	2018	2019	2020	2021	2022
<p><b>ESR-LOGOS REIT managed to successfully refinance its loans ahead of expiry, at lower costs and amidst the COVID-19 global pandemic, demonstrating the stability and resilience of our assets</b></p>	<p><b>Mar 2018</b></p> <ul style="list-style-type: none"> <li>• S\$142m Preferential Offering                             <ul style="list-style-type: none"> <li>- <i>Preferential Offering was <u>1.7x</u> subscribed</i></li> </ul> </li> </ul> <p><b>Oct 2018</b></p> <ul style="list-style-type: none"> <li>• S\$700m Committed Unsecured Loan Facility for merger with Viva Industrial Trust</li> <li>• S\$100m Committed Unsecured Loan Facility for acquisition of 15 Greenwich Drive</li> </ul>	<p><b>Mar 2019</b></p> <ul style="list-style-type: none"> <li>• S\$155m Committed Unsecured Loan Facility for refinancing</li> </ul> <p><b>May 2019</b></p> <ul style="list-style-type: none"> <li>• S\$150m Committed Unsecured Loan Facility for refinancing</li> </ul> <p><b>Jun 2019</b></p> <ul style="list-style-type: none"> <li>• S\$100m Equity Private Placement                             <ul style="list-style-type: none"> <li>- <i>Placement was <u>2.5x</u> subscribed</i></li> </ul> </li> </ul> <p><b>Oct 2019</b></p> <ul style="list-style-type: none"> <li>• S\$50m Preferential Offering                             <ul style="list-style-type: none"> <li>- <i>Sponsor Backstopped Preferential Offering was <u>2.1x</u> subscribed</i></li> </ul> </li> </ul>	<p><b>Feb 2020</b></p> <ul style="list-style-type: none"> <li>• S\$200m Committed Unsecured Loan Facility for refinancing and working capital requirements                             <ul style="list-style-type: none"> <li>- <i>For refinancing of bonds due in April 2020 and May 2020</i></li> </ul> </li> </ul> <p><b>Jul 2020</b></p> <ul style="list-style-type: none"> <li>• S\$460m Committed Unsecured Loan Facility for potential merger with Sabana REIT<sup>(1)</sup></li> </ul>	<p><b>Mar 2021</b></p> <ul style="list-style-type: none"> <li>• S\$320m Committed Unsecured Loan Facility for refinancing                             <ul style="list-style-type: none"> <li>- <i>For refinancing of expiring loans due in FY2021</i></li> </ul> </li> </ul> <p><b>May 2021</b></p> <ul style="list-style-type: none"> <li>• A\$68.5m Unsecured Loan Facility to finance the acquisition of 10.0% interest in EALP</li> </ul> <p><b>Jul/Aug 2021</b></p> <ul style="list-style-type: none"> <li>• S\$100m Equity Private Placement and S\$49.6m Equity Preferential Offering                             <ul style="list-style-type: none"> <li>- <i>For early refinancing of Revolving Credit Facilities ("RCF"); Placement was <u>3.4x</u> and Sponsor Backstopped Preferential Offering was <u>3.6x</u> subscribed</i></li> </ul> </li> <li>• Issued S\$125m of 2.60% fixed rate notes due 2026                             <ul style="list-style-type: none"> <li>- <i>For early refinancing of RCF</i></li> </ul> </li> </ul> <p><b>Oct 2021</b></p> <ul style="list-style-type: none"> <li>• S\$835m and A\$365m Committed Unsecured Facilities for the proposed merger with ARA LOGOS Logistics Trust</li> </ul>	
	<b>As at</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	<b>31 December 2020</b>	<b>31 December 2021</b>
Total Assets (\$ billion)	3.0	3.2	3.1	3.2	5.5
Unencumbered Investment Properties (%)	100.0	100.0	100.0	100.0	100.0
Weighted Average Debt Expiry (years)	2.7	2.6	2.2	2.4	3.3
Weighted Average All-In Cost of Debt (%) p.a.	3.81	3.92	3.54	3.31	2.86
Debt to Total Assets (Gearing Ratio) (%) <sup>(3)</sup>	41.9	41.5	41.6	40.0	42.4



Notes: (1) The Sabana Trust Deed Amendments Resolution as set out in the Notice of Extraordinary General Meeting of the Sabana Unitholders dated 12 November 2020 was not passed by the Sabana Unitholders at the Sabana EGM held on 4 December 2020 and hence the merger and the scheme have lapsed. (2) Presented on a proforma basis assuming the ALOG Merger was completed as at 31 December 2021 (see Appendix I for more details). (3) Includes ESR-LOGOS REIT's 49% share of the borrowings and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases.

## 4 Robust Organic and Acquisition Growth Completed AEI of 19 Tai Seng Avenue (High-Specs Industrial)

Rejuvenation works completed in 4Q2021; secured over 76.0% committed occupancy



The AEI of 19 Tai Seng Avenue (“19TS”) reflects our focus to unlock value within our existing portfolio to bolster our recurring income

### Details of the AEI

- Significant enhancements to its façade and infrastructure, including:
  - ✓ Major refurbishment of the main lobby, drop-off area and passenger lift lobbies to improve accessibility and user experience
  - ✓ Mechanical and electrical enhancements planned for the sprinkler, CCTV and air-conditioning systems to cater for a greater variety of high-tech tenants
- Total capex of approximately S\$7.65 million is expected to generate an estimated yield-on-cost of 7%-9%
- Secured over 76.0% committed occupancy

AEI will rejuvenate and reposition 19TS as a high-specs development to attract and retain quality tenants of tomorrow



Refurbished passenger lift lobbies



New and improved entrance



Common toilets after AEI



Building façade underwent a major facelift to achieve a modern look



Internal units with large floor plates

## 4 Robust Organic and Acquisition Growth Built-to-Suit Redevelopment at 21B Senoko Loop

Redevelopment will increase the proportion of resilient New Economy Assets in our portfolio



### Current Property

- A 7-storey factory cum dormitory block and a 4-storey warehouse block with a combined gross floor area of 195,823 sqft.
- Sits on a sizable land area of 80,241 sqft with a remaining land tenure of about 30.9 years<sup>(1)</sup> making it attractive to undergo this redevelopment.

<b>Estimated Costs</b>	Approximately S\$38.5 million
<b>Estimated Yield on Cost</b>	Approximately 6.6%
<b>Details of the Redevelopment</b>	<ul style="list-style-type: none"> <li>▪ Executed in two phases to convert 21B Senoko Loop from a general industrial building to a high-specs property</li> <li>▪ Phase one expected to be completed in the first half of 2023 and phase two to follow about ten months after</li> </ul>
<b>Leasing Status</b>	<ul style="list-style-type: none"> <li>▪ Master leased to NTS Components Singapore Pte Ltd (“NTS”), an existing tenant specialising in complex mechatronics assembly for the high-tech industry, on a triple net basis for 15 years with annual rental escalations</li> <li>▪ NTS will be fully responsible for the payment of utilities, maintenance expenses, property tax and land rent</li> </ul>
<b>ESG Targets</b>	Expected to achieve the Green Mark Gold certification upon completion
<b>Completion Date</b>	Target to complete by 1Q2024

The redevelopment reflects the Manager’s dedication in pursuing organic growth by converting old and dated general industrial properties into high-specifications assets that are relevant to today’s industrialists



Note: (1) As at 31 March 2022.

## 4 Robust Organic and Acquisition Growth Expansion Works at 53 Peregrine Drive

The development will anchor the tenant at the asset for a long lease term.



### Current Property

- The subject property comprises of a container-rated hardstand, which was constructed in 2019 as well as an expansion land plot of 27,858 sqm
- Additional GFA area of 26,330 sqm when completed.

Perspective of Proposed Warehouse

<b>Estimated Costs</b>	Approximately A\$19.2 million
<b>Projected IRR</b>	Approximately 6.8%
<b>Details of the Development</b>	<ul style="list-style-type: none"> <li>▪ The additional warehouse will be a 10,100 sqm warehouse with a 16,230 sqm of container-rated hardstand to suit their business needs.</li> <li>▪ Expected to achieve practical completion by 4Q2022.</li> </ul>
<b>Leasing Status</b>	<ul style="list-style-type: none"> <li>▪ It will be fully leased to the incumbent tenant, ACFS Port Logistics Pty Ltd ("ACFS") for approximately 13.7 years with a built in 3.25% annual rental escalation</li> </ul>
<b>Completion Date</b>	Target to complete by 4Q2022

The development reflects the Manager's dedication in pursuing organic growth by construction of additional Hardstand & Warehouse to maximise revenue and property's performance.

## 4 Robust Organic and Acquisition Growth Upcoming AEIs of Two High-Specs Properties

Asset enhancement works planned for 16 Tai Seng Street and 7000 Ang Mo Kio Ave 5, providing a yield-on-cost of 6% to 7%

7000 Ang Mo Kio Ave 5 ("7000 AMK")



In Progress

16 Tai Seng Street



Under Planning

Estimated Costs	Approximately S\$53.3 million <sup>(1)</sup>	Approximately S\$25.9 million
Estimated Yield-on-Cost	Approximately 7.1%	Approximately 6%
Description	<ul style="list-style-type: none"> <li>In view of the current demand for quality high-specifications spaces from the advance manufacturing and electronics sector, the Manager intends to proceed with the previously announced AEI to 7000 AMK on a multi-tenanted basis to create approximately 24.6 sqm of additional GFA</li> <li>New design to allow for flexibility and specifications that are suitable for potential data centre tenants</li> <li>Post-AEI, there will be approximately 230,000 sqft of unutilised GFA remaining</li> </ul>	<ul style="list-style-type: none"> <li>Maximising the plot ratio by adding an additional floor to increase GFA by approximately 2.7 sqm or 13.8%</li> <li>Redesigning and repositioning works to the façade, drop-off point, lift lobbies, lifts, the external linkway to the Mass Rapid Transit station</li> </ul>
Completion Date	3Q2023	To be advised



Note: (1) The revised total cost is expected to be S\$53.3 million, which includes previously announced expected cost of approximately S\$35.7 million and additional cost of approximately S\$17.6 million.

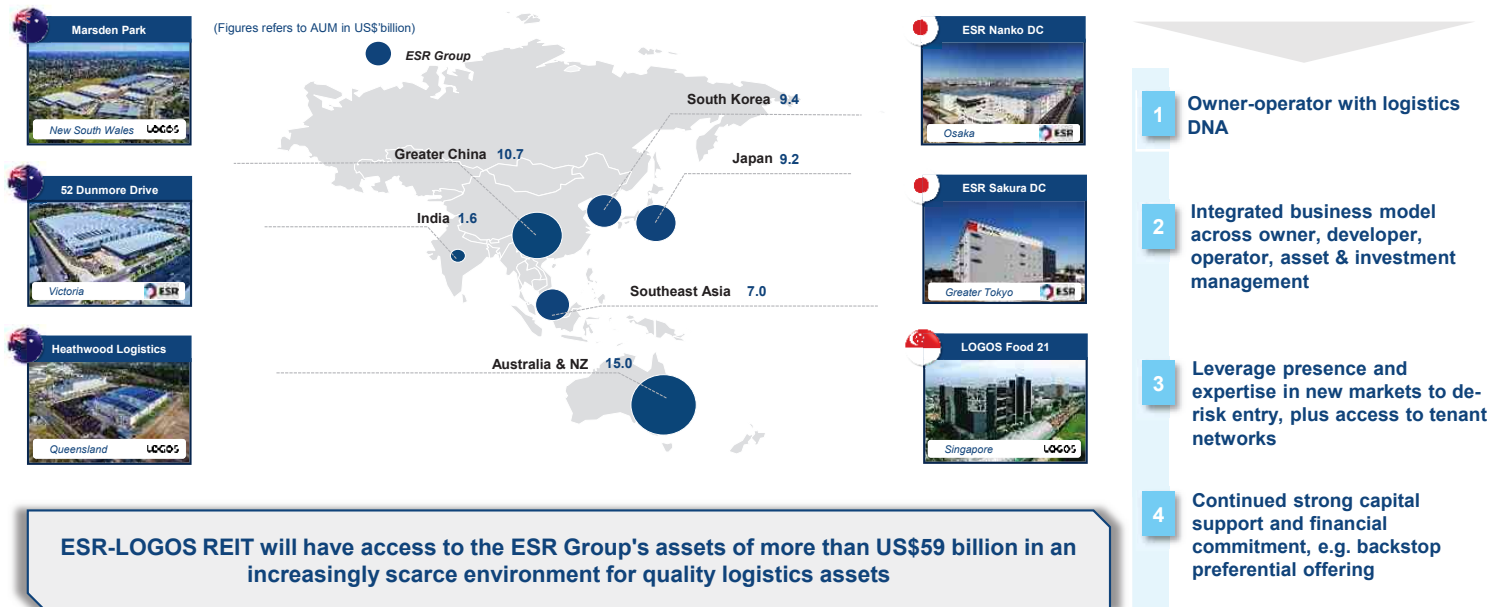
21

## 4 Robust Organic and Acquisition Growth Leverage the ESR Group's Financial Strength & Operating Platform to Grow

- Leverage the ESR Group's operating platform, financial strength, footprint and network to accelerate growth trajectory
- Initial c.US\$2.0 billion of visible and executable pipeline of Asia Pacific New Economy assets

An initial pipeline of approximately US\$2 billion of visible and executable Asia Pacific New Economy assets available from the ESR Group will accelerate ESR-LOGOS REIT's growth as a leading Future-Ready APAC S-REIT

ESR-LOGOS REIT Continues to Leverage the ESR Group's Strengths



- 1 Owner-operator with logistics DNA
- 2 Integrated business model across owner, developer, operator, asset & investment management
- 3 Leverage presence and expertise in new markets to de-risk entry, plus access to tenant networks
- 4 Continued strong capital support and financial commitment, e.g. backstop preferential offering



Source: ESR Cayman Ltd (the Sponsor)'s information.

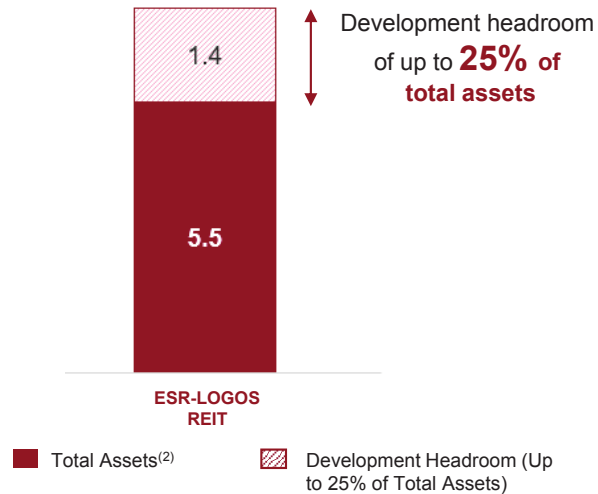
## 4 Robust Organic and Acquisition Growth

### Sizable Development Headroom Provides Flexibility for Growth

Development headroom of S\$1.4 billion as at 31 March 2022, providing capacity and flexibility to undertake new, larger developments and / or redevelopments to drive value accretive growth

#### Development Headroom<sup>(1)</sup>

(S\$ billion)



#### ESR-LOGOS REIT Has Capacity & Flexibility To

- 1 Explore opportunities to participate in development projects, potentially with the ESR Group
- 2 Undertake development and AEI to unlock value from unutilised GFA
- 3 Execute AEIs without materially adversely affecting earnings performance
- 4 Larger tenant base optimises unutilised GFA and reduces leasing risks
- 5 Access to lower cost of capital enhances returns on AEIs and/or redevelopments

ESR-LOGOS REIT's focus will be on the redevelopment of existing assets that meets the criteria to drive value accretive growth. (e.g. 21B Senoko Loop and 7000 Ang Mo Kio Avenue 5)



Notes: (1) Development headroom of up to 25% of the total assets of ESR-LOGOS REIT. Total assets are taken as a close proxy for deposited property value. 25% development limit is subject to approval. (2) Presented on a proforma basis assuming the ALOG Merger was completed as at 31 December 2021 (see Appendix I for more details).

## 5 Experienced Management Team

Experienced Professionals with Proven Track Record and Real Estate Expertise

### Board of Directors

**Stefanie Yuen Thio**  
Independent Chairperson

**Ooi Eng Peng**  
Non-Executive  
Deputy Chairperson

**Adrian Chui**  
Chief Executive Officer  
and Executive Director

**Wilson Ang**  
Non-Executive Director

**Tong Jinquan**  
Non-Executive Director

**Leong Horn Kee**  
Independent Non-Executive  
Director

**Khor Un-Hun**  
Independent Non-  
Executive Director

**Ronald Lim**  
Independent Non-  
Executive Director

**Jeffrey Perlman**  
Non-Executive Director

**Philip Pearce**  
Non-Executive Director

### Management Team



**Adrian Chui**  
Chief Executive  
Officer and  
Executive Director



**Karen Lee**  
Deputy Chief  
Executive Officer



**Lawrence Chan**  
Deputy Chief  
Financial  
Officer



**Nancy Tan**  
Head of  
Investments



**Leong Sai  
Keong**  
Co-Head of Asset  
Management



**Calvin Chia**  
Co-Head of Asset  
Management



**Charlene-Jayne  
Chang**  
Head of Capital  
Markets and  
Investor Relations















**Loy York Ying**  
Head of  
Compliance  
and Risk  
Management

The management of ESR-LOGOS REIT has collective experience of more than 100 years in the real estate and financial services industries



## 6 Strategy Supported by Strong & Committed Sponsor ESR Group is #1 APAC Focused Logistics Real Estate Platform

ESR Group's Robust Scale, Vastly Expanded Capabilities and Deeper Breadth of Offerings Will Define the Future of APAC Real Estate

#1 Real Asset Manager in APAC	Powered by the New Economy	With a Full Suite of Investment Solutions	And a Global Footprint With a Leading APAC Presence
 <p><b>Over US\$140Bn</b> AUM<sup>(1)</sup></p>  <p><b>&gt;95%</b> of GDP in APAC Covered<sup>(2)</sup></p>  <p><b>31%</b> AUM Growth<sup>(3)</sup></p>	 <p><b>US\$59Bn</b> AUM in New Economy</p>  <p><b>~US\$11Bn</b> Development WIP<sup>(4)</sup></p>  <p><b>&gt;1,200MW</b> Data Centre Pipeline<sup>(4)</sup></p>	 <p><b>US\$95Bn</b> Private Investment Vehicles<sup>(1)(5)</sup></p>  <p><b>US\$45Bn</b> Public REITs<sup>(1)</sup></p>  <p><b>63%</b> Perpetual + Core Capital<sup>(1)</sup> with 14 Listed REITs</p>	 <p><b>3<sup>rd</sup> Largest</b> Listed Real Estate Manager Globally<sup>(6)</sup></p>  <p><b>39.8M</b> SQM<sup>(7)</sup> of GFA</p>  <p><b>28</b> Countries; ~84% of Assets Allocated in APAC</p>
<b>&gt;2x Closest Peer by AUM</b>	<b>New Economy Champion with Leadership Positions in All Key APAC Markets</b>	<b>Comprehensive Real Asset Investment Solutions Across the Risk Spectrum</b>	<b>Only Player with Leadership Presence Across APAC Powered by a Fully Integrated &amp; Localised Team</b>



Notes: (1) Including the AUM of associates (Cromwell and Kenedix) as of 31 December 2021. (2) Based on 2020 Nominal GDP per Euromonitor. (3) 2016 – 2021A CAGR for PF ESR Group (incl. ESR, ARA and LOGOS); include AUM of associates. (4) As of 31 December 2021. (5) Private Real Estate Vehicles include ESR balance sheet assets and non-REITs AUM of Cromwell & Kenedix; include credit AUM from Venn. (6) Real estate AUM only; peer data as of 31 December 2020 based on IRE Global Investment Managers 2021 report; ESR data as of 31 December 2021. (7) As of 31 December 2021; excluding assets managed by associates.

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## 6 Strategy Supported by Strong & Committed Sponsor Delivering a One-Stop Solution to Capital Partners...

### ESR Group's Unique Multi-asset Class Exposure to All Major APAC Growth Markets with Significant Contribution from New Economy Real Estate

	Japan	Greater China	Australia & New Zealand	Southeast Asia	South Korea	India	US / Europe	AUM (US\$Bn) <sup>(1)</sup>
New Economy Sectors	Logistics	✓	✓	✓	✓	✓		59 <sup>(2)</sup> >54% of Total AUM <sup>(3)</sup>
	Data Centres	✓	✓	✓	✓	✓		
	Public REITs	✓	✓	✓	✓		✓	39 <sup>(4)</sup>
	Traditional RE Funds	✓	✓	✓	✓		✓	29 <sup>(4)</sup>
	Infrastructure / Others			✓ <sup>(5)</sup>	✓ <sup>(5) (6)</sup>		✓	13 <sup>(6)(7)</sup>
AUM (US\$Bn) <sup>(1)</sup>	32	32	24	15	13	2	22	Total AUM US\$140+Bn
% of APAC GDP	17.2%	51.6%	5.4%	9.7%	5.6%	9.1%	-	~84% of AUM in APAC, catering to >95% <sup>(8)</sup> of APAC GDP



Notes: (1) Including the AUM of associates (Cromwell and Kenedix) as of 31 December 2021. (2) Include ESR REIT, ARA LOGOS Logistics Trust and ESR Kendall Square REIT. (3) AUM excluding associates. (4) Include associates; ESR REITs and ARA LOGOS Logistics Trust are classified as logistics and data centres AUM. (5) Include renewable energy initiative under the partnership with ENGIE. (6) ARA launched its inaugural infrastructure fund which is pending final regulatory approvals. (7) ~US\$13Bn investment in European alternative credit through Venn. (8) Based on 2020 Nominal GDP per Euromonitor.

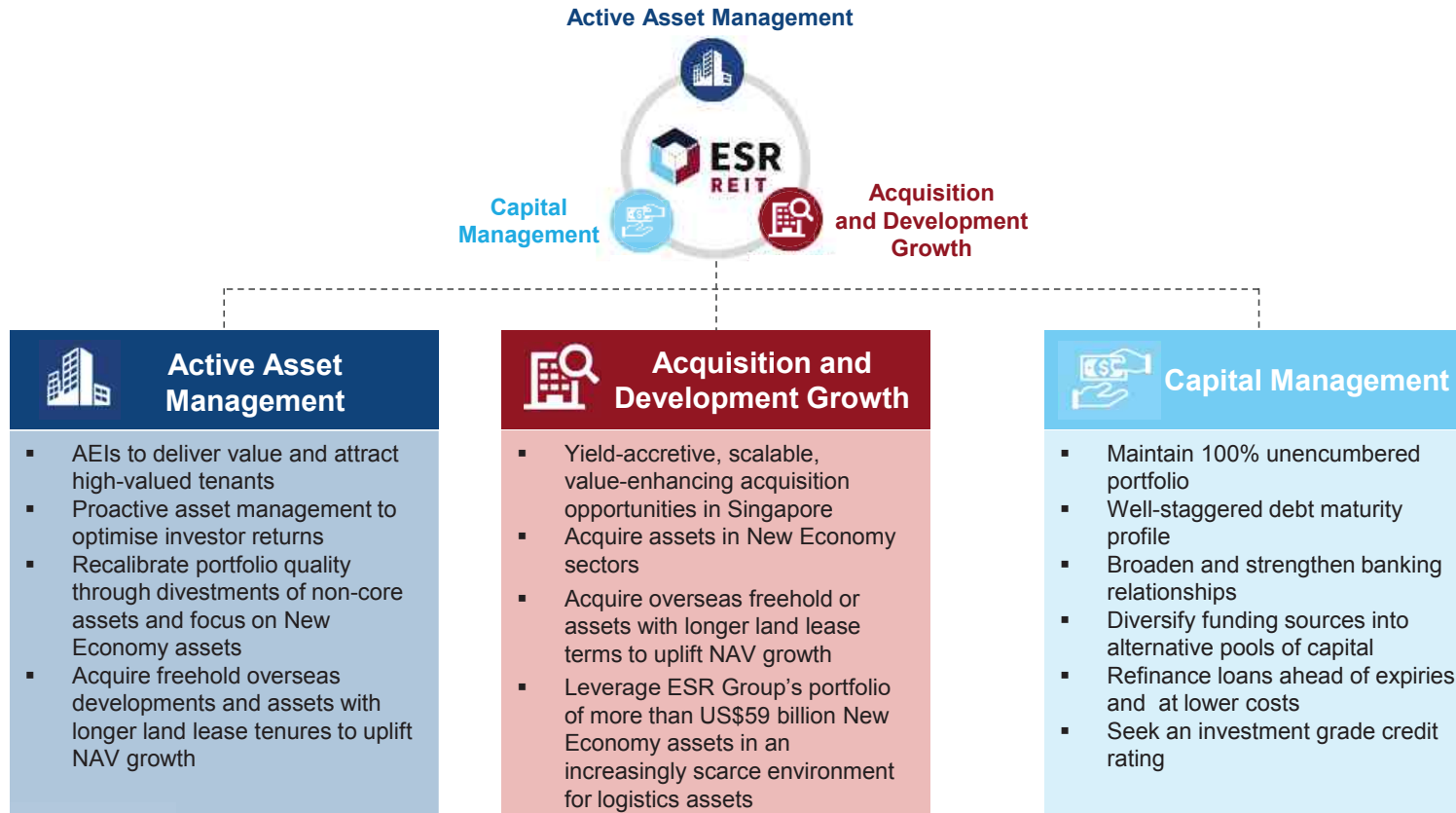


# Our Business Strategy

ESR BizPark @ Changi | Business Park

# Our Long-Term Strategy

Our three-pronged strategy focuses on optimising Unitholder total returns while reducing risks

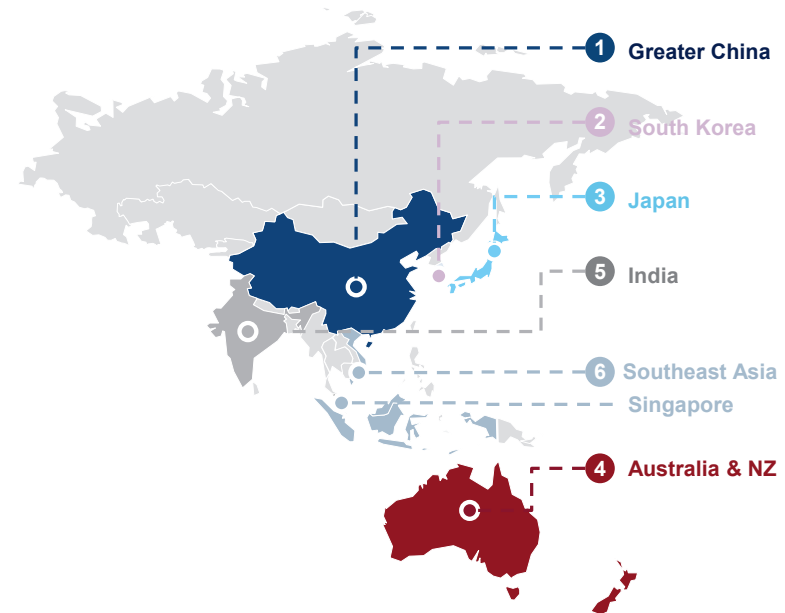


## Our Investment Strategy: A Total>Returns Approach to Drive Sustainable Long Term Growth

Acquisitions are an integral part of our total returns approach to create value

- 1 Sizeable single asset and portfolio acquisitions both locally and overseas
  - ✓ Includes investments in private funds (for tax efficiency and investment opportunities)
  - ✓ Overseas acquisitions address structural short land leases in Singapore's industrial property sector
- 2 ESR-LOGOS REIT's portfolio will remain predominantly focused on developed economies

**ESR  
Group's  
Regional  
Presence**



- ✓ Overseas markets where the Sponsor, ESR Group, has established operations platforms
- ✓ Leverage the local country resources and platforms of these overseas assets given Sponsor's best-in-class local management teams
- ✓ Pipeline includes a mix of scalable income-producing and/or potentially development assets











# ESG Updates

46A Tanjong Penjur | Logistics

# Key ESG Targets

- **At ESR-LOGOS REIT, we strive to be a leading provider of real estate for tomorrow's businesses today by sustainably growing our business**
- **We have set committed targets and have aligned the United Nations' Sustainability Development Goals in which we contribute to, with the goals of our Sponsor**


Economic 	Environmental   
<ul style="list-style-type: none"> <li>▪ Invest in properties that will <b>enhance the sub-asset class diversity</b> of ESR-LOGOS REIT's portfolio</li> <li>▪ Achieve a portfolio occupancy rate that <b>exceeds Jurong Town Corporation's ("JTC") industrial occupancy average</b></li> <li>▪ Maintain <b>tenant satisfaction levels at 65%</b> or more each year with a response rate of over 60%</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Achieve 5% reduction in total energy consumption for Multi-Tenanted Buildings ("MTB")</b> from 2019 to 2023</li> <li>▪ <b>Achieve Green Mark certifications for all buildings that undergo AEI</b> and provided enhanced ESG disclosures with first GRESB assessment</li> <li>▪ <b>Obtain Water Efficiency Building "WEB" certifications for all MTBs</b> by 2023</li> <li>▪ <b>Reduce water intensity for MTBs</b> by 2% per year</li> <li>▪ <b>Achieve 50% increase in solar power generation</b> by 2025</li> <li>▪ <b>Committed certain Singapore properties to net zero carbon</b> by 2030</li> </ul>
Social  	Governance
<ul style="list-style-type: none"> <li>▪ <b>Maintain fair employment practices</b> and be a signatory to Tripartite Alliance for Fair and Progressive Employment Practices "TAFEP"</li> <li>▪ Maintain <b>employee satisfaction level at 75%</b> or more each year with a response rate of over 75%</li> <li>▪ Maintain an average of <b>16 training hours per employee per year</b></li> <li>▪ Achieve Workplace Fatal Injury Rate "WFIR" and Workplace Injury Rate "WIR" that are below the real estate industry average</li> <li>▪ Develop <b>strategic community engagement programs</b> based on community needs</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Strong board and management diversity</b> including female representation across the board and senior management</li> <li>▪ Uphold high standards of corporate governance to ensure ESR-LOGOS REIT is <b>aligned with best practices</b> and is <b>responsive to change</b></li> <li>▪ <b>Zero lapses in corporate governance or corruption</b></li> <li>▪ Provide <b>training to all employees</b> on compliance with relevant <b>governance policies</b></li> <li>▪ Ensure procedures and business continuity plans are in place for <b>pandemic preparedness and resilience</b></li> <li>▪ <b>Zero material incidents of non-compliance with socio-economic laws and regulations</b></li> </ul>



## Conclusion and Key Takeaways

- 1**  **Stabilised & Diversified Portfolio Provides Strong Platform to Pursue Growth**
- ESR-LOGOS REIT is well placed to benefit from shifting secular trends in the way goods are produced, delivered and consumed
  - Resilient and diversified portfolio with c.64.6% of portfolio exposed to in-demand New Economy sectors ensuring continued relevance and growth potential
  - Tenant base is well diversified across trade sectors especially New Economy tenants (e.g. 3PL logistics, cold-storage, advanced & complex manufacturing, pharmaceuticals, data-centre operators R&D industrialists etc.)

- 2**  **Strengthen Portfolio Quality through Proactive Asset & Lease Management**
- Rental reversion for FY2022 is expected to stabilize with stronger demand in logistics and advanced manufacturing sectors; ESR-LOGOS REIT (on a standalone basis) recorded +3.1% positive rental reversions for 1Q2022 driven by robust broad based positive rental reversions in logistics, hi-specs, general industrial and business park sectors
  - Continued portfolio rejuvenation with AEI and/or redevelopments of existing properties to ensure E-LOG portfolio remains future-ready for industrialists in a sustainable way
  - Digestible acquisitions to focus on ESR Group footprint markets in developed countries with a total return focus with freehold and/or long land lease tenure and are scalable

- 3**  **Prudent Capital Management**
- Well diversified capital providers providing access to funding
  - Comfortable gearing level with well-spread out debt expiry profile, long debt tenure, majority fixed rate loans and long hedge tenor
  - ESR-LOGOS REIT has the intention to seek a trust credit rating, and if favourable, would enable ESR-LOGOS REIT to potentially further lower its funding costs and increase debt tenor in the future
  - A favourable trust credit rating would better position ESR-LOGOS REIT to potentially lower funding costs, access to wider pools of finding and further extend debt tenor, resulting further lowering capital/financing risks



**Appendix I:**  
Summary of Unaudited  
Proforma Consolidated  
Financial Information of  
ESR-LOGOS REIT

19 Tai Seng Avenue | High-Specs Industrial

## Summary of Unaudited Proforma Consolidated Financial Information of ESR-LOGOS REIT

*Assuming the ALOG Merger had occurred on 1 January 2021*

S\$ ('000)	Year ended 31 December 2021
Gross Revenue	380,846
Net Property Income	282,477
<b>Amount available for distribution to Unitholders of ESR-LOGOS REIT</b>	<b>192,817</b>

## Summary of Unaudited Proforma Consolidated Financial Information of ESR-LOGOS REIT

*Assuming the ALOG Merger had occurred on 31 December 2021*

S\$ ('000)	As at 31 December 2021
Investment Properties	4,965,810
Investments at fair value through profit and loss	356,380
Investment in joint venture	40,714
Investment properties held for divestment	29,264
Cash and cash equivalents	39,686
Other Assets	39,539
<b>Total Assets</b>	<b>5,471,393</b>
Interest-bearing borrowings	2,055,108
Lease Liabilities for Leasehold Land (FRS 116)	389,841
Non-controlling Interest	62,036
Other Liabilities	169,975
<b>Total Liabilities</b>	<b>2,676,960</b>
<b>Net Assets Attributable to:</b>	
- Perpetual Securities Holders	402,662
- Unitholders	2,391,771

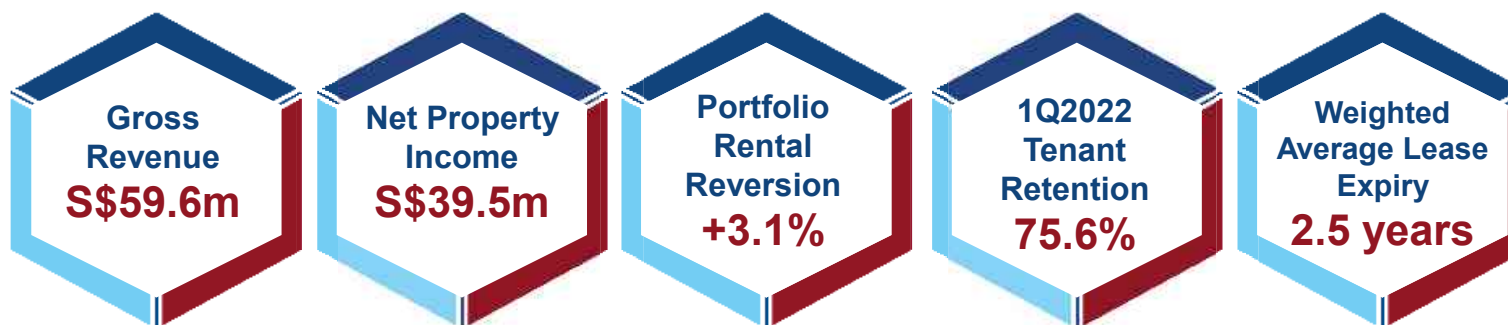


**Appendix II:**  
**ESR-LOGOS REIT on**  
**Standalone Basis**

ESR BizPark @ Changi | Business Park

# ESR-LOGOS REIT's 1Q2022 at a Glance

(on a standalone basis)



## Financial Performance

- Net Property Income **fell 10.4% y-o-y**, or 7.1% q-o-q to S\$39.5 million primarily due to higher property expenses as a result of the surges in utilities costs attributed to the **increase in global energy prices**
- Amount Available for Distribution** for 1Q2022 was **up 2.1% y-o-y**, or 0.4% q-o-q, to **S\$29.3 million** mainly due to lower borrowing costs, contributions from ESR-LOGOS REIT's 10.0% interest in EALP and a non-recurrent tax-exempt income distribution from Viva Trust

## Proactive Asset Management

- Portfolio rental reversion recorded an increase of 3.1% as at 1Q2022
- Portfolio occupancy rate maintained at 91.5%<sup>(1)</sup>, consistently above JTC's average of 89.8%<sup>(2)</sup>**
- Portfolio has a **weighted average lease expiry of 2.5 years** with less than 25% of leases due for renewal in FY2022. Of these expiring leases, about **40% are in the process of renewal**.
- Top 10 tenants accounted for 30.6% of ESR-LOGOS REIT's portfolio rental income.**
- Tenant base is **well-diversified** with no single tenant accounting for more than 5.3% of portfolio rental income.

- The merger of ESR-REIT and ARA LOGOS Logistics Trust to form ESR-LOGOS REIT was completed on 28 April 2022
- ESR-LOGOS REIT comprises **S\$5.5<sup>(3)</sup> billion of total assets** located in Singapore and Australia

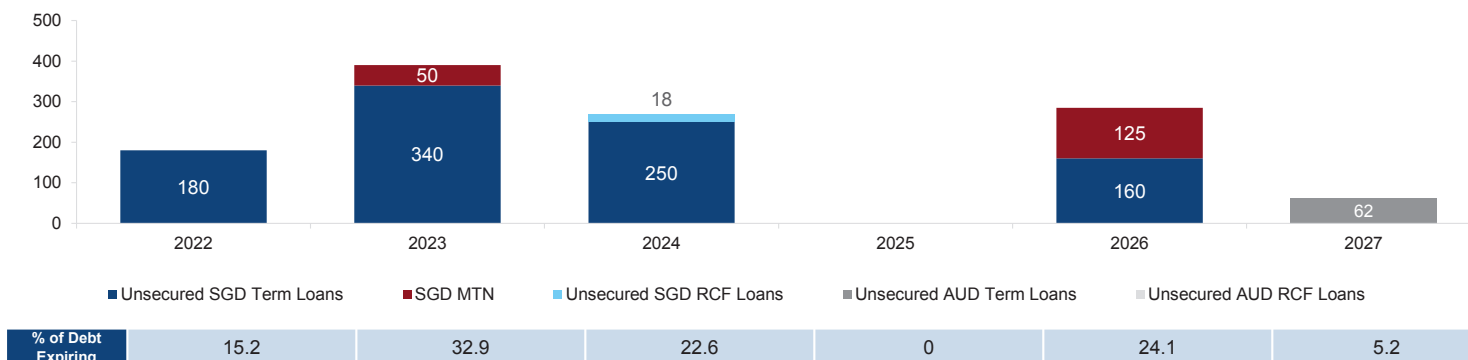


Notes: Above data obtained from ESR-LOGOS REIT's 1Q2022 Interim Business Update (on a standalone basis). (1) Excludes properties in the pipeline for divestment and redevelopment. (2) Based on 1Q2022 data from JTC. (3) Presented on a proforma basis assuming the ALOG Merger was completed as at 31 December 2021 (see Appendix I for more details).

# ESR-LOGOS REIT's 1Q2022 at a Glance

(on a standalone basis)

## Debt Maturity Profile

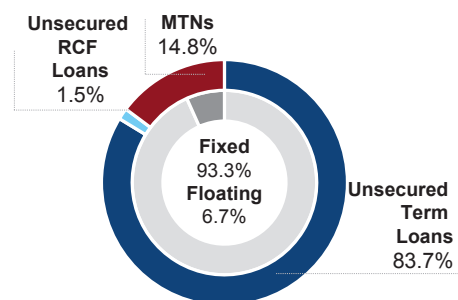


## Prudent Capital Management

- All-In Cost of Debt at 3.34% p.a., a reduction from 3.52% p.a. in 1Q2021
- Weighted Average Debt Expiry as at 31 Mar 2022 was 2.2 years
- Debt to Total Assets (Gearing)<sup>(1)</sup> at 39.5%
- 93.3% of debt on fixed interest rates with Weighted Average Fixed Debt Expiry of 1.7 years
- MAS ICR<sup>(2)</sup> and MAS Adjusted ICR<sup>(3)</sup> at 3.5x and 3.0x respectively
- Portfolio remains 100% unencumbered<sup>(4)</sup>
- Committed undrawn revolving credit facilities of S\$250.1 million

## Breakdown of Debt

Total Debt of S\$1,184.6m



Notes: (1) Includes ESR-LOGOS REIT's 49% share of the borrowings and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases. (2) Interest expense includes amortisation of debt-related transaction costs but excludes finance costs on lease liabilities under FRS 116. (3) Interest expense includes amortisation of debt-related transaction costs and distributions on perpetual securities but excludes finance costs on lease liabilities under FRS 116. (4) Excludes ESR-LOGOS REIT's 49% interest in 48 Pandan Road.

**Gloria Low**  
**Corporate Communications Manager**

Tel: (65) 6222 3339  
Fax: (65) 6827 9339  
Email: [gloria.low@esr-logosreit.com.sg](mailto:gloria.low@esr-logosreit.com.sg)

**Lyn Ong**  
**Manager, Capital Markets and Investor Relations**

Tel: (65) 6222 3339  
Fax: (65) 6827 9339  
Email: [lyn.ong@esr-logosreit.com.sg](mailto:lyn.ong@esr-logosreit.com.sg)

