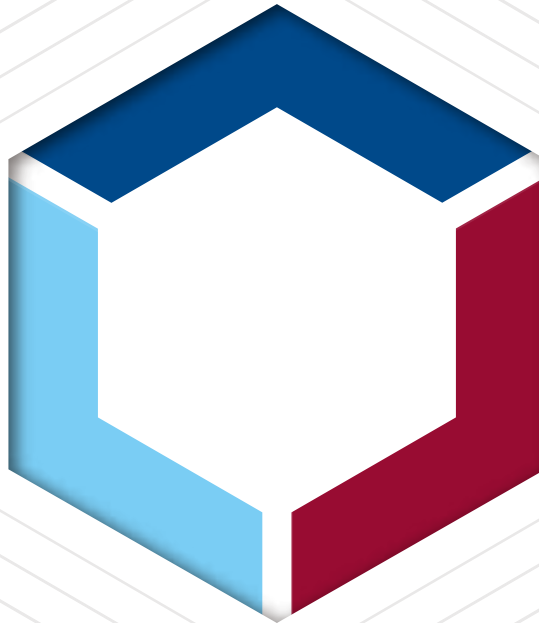
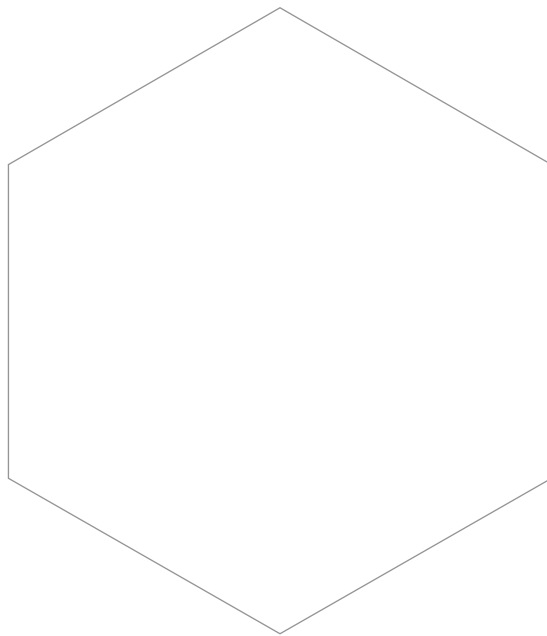




**GREATER SCALE AND
INCREASED PRESENCE**



RESILIENT & BALANCED PORTFOLIO



Diversified portfolio of
57 properties
across Singapore >>

Portfolio Occupancy
91.0%
Above JTC Average of 89.9%⁽¹⁾ >>

Gross Floor Area
15.1 million sqft >>

Gross Floor Area by Asset Class

Business Parks **15.7%**

High-Specs Industrial **14.5%**

Logistics / Warehouse **31.0%**

General Industrial **38.8%** >>

⁽¹⁾ Based on 4Q2020 JTC industrial property market report

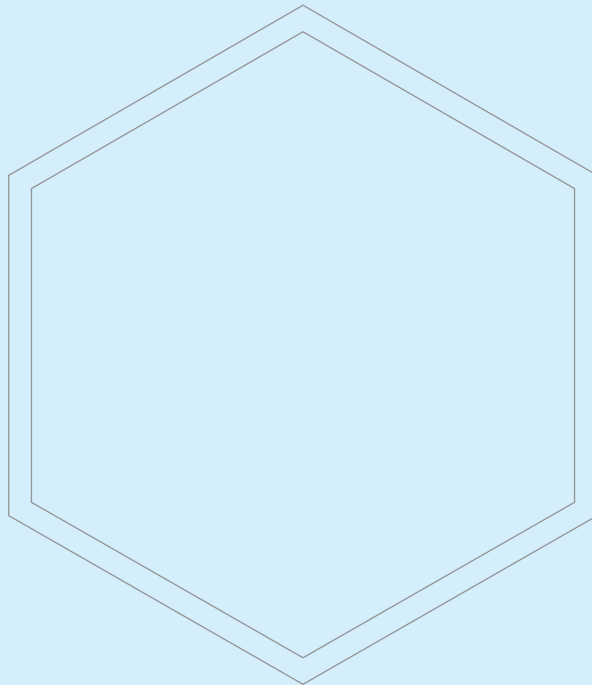


We Remain Resolute in the Face of Uncertainties Caused by the Pandemic and Will Seize on Opportunities as They Arise

Our Resilient Portfolio of Quality Assets is Driven by Proven Strategies that Underpin Our Stable Performance



DIVERSIFIED TENANT NETWORK



Tenant Retention

84.6% >>

Weighted Average
Lease Expiry

3.0 years >>

Number of Tenants

343 >>

Asset Class Breakdown (by Rental Income)

Business Parks **28.0%**

High-Specs Industrial **16.1%**

Logistics / Warehouse **23.3%**

General Industrial **32.6%** >>

Total Lease Renewals and
New Leases

3.87m sqft >>

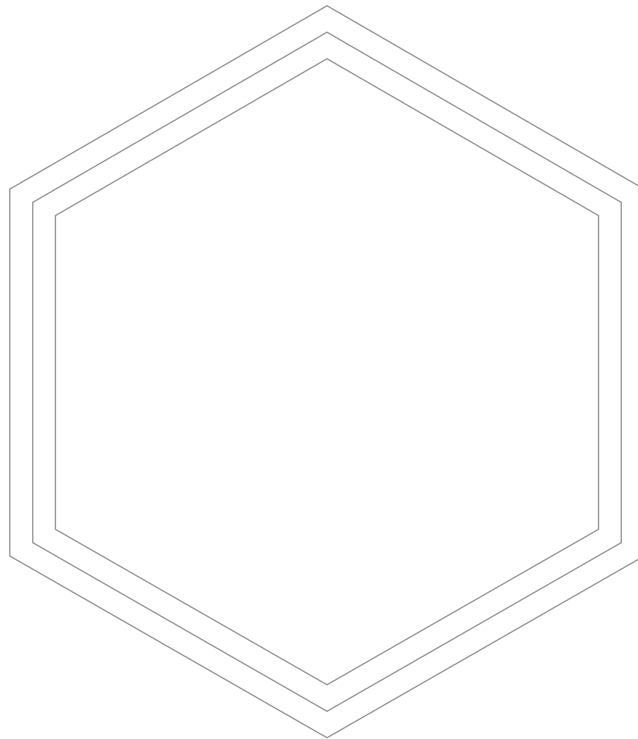
Diversified Tenant Network



We have Successfully Reduced Tenant Concentration Risks and Forged a Well-Diversified Tenant Network



PROACTIVE ASSET MANAGEMENT



Portfolio Value

S\$3.1 billion⁽¹⁾ >>

Number of Projects Under
Asset Enhancement

2 >>

Proportion of
Single-Tenanted Buildings

26.3%⁽²⁾ >>

Proportion of
Multi-Tenanted Buildings

73.7%⁽²⁾ >>

⁽¹⁾ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% 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. Valuation as at 31 December 2020.

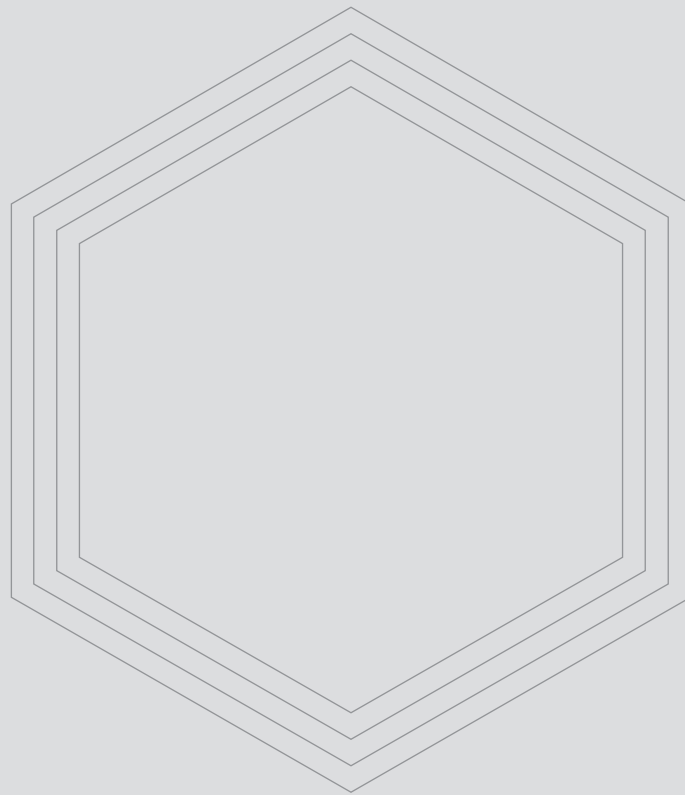
⁽²⁾ By rental income.



Positioning ESR-REIT for Growth, We Seek to Optimise Our Portfolio through Proactive Asset Management to Improve Income Resilience and Sustain Long-Term Value



PRUDENT CAPITAL MANAGEMENT



Weighted Average
Debt Expiry

2.2 years⁽¹⁾ >>

Portfolio remains

100%
Unsecured >>

All-in Cost of Debt
Reduced

3.54% p.a. >>

Debt to Total Assets
(Gearing)

41.6%⁽²⁾ >>

⁽¹⁾ On 12 March 2021, ESR-REIT has successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility.

On a pro-forma basis, the weighted average debt expiry has been extended from 2.2 years to 2.9 years post the refinancing.

⁽²⁾ Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019.



Focusing on Strengthening Our Financial Position through Prudent Capital Management is a Key Focus for ESR-REIT

We have Broadened our Banking Relationships to Enjoy Lower Costs of Funding whilst Maintaining a Well-Staggered Debt Maturity Profile



S\$229.9 million

Gross Revenue

S\$164.2 million

Net Property Income

2.80 cents

FY2020 DPU



HIGH-SPECS INDUSTRIAL

BUSINESS PARKS

GENERAL INDUSTRIAL

LOGISTICS / WAREHOUSE

S\$3.2 billion

Total Assets

40.5 cents

NAV Per Unit

Contents

11 Vision, Mission and Corporate Profile

OVERVIEW

12 Five-Year Financial Highlights
14 FY2020 Key Milestones
16 Letter to Unitholders
19 Mitigating COVID-19
22 Unit Price and Yield Performance
24 Key Drivers of our Value Proposition
26 Key Trends Underpinning Our Strategy
28 About Our Sponsor

LEADERSHIP

32 Trust Structure
33 Organisation Structure
34 Board of Directors
40 Senior Management
42 Property Management Team

PERFORMANCE

46 Operations Review
52 Financial Review
56 Capital Management
58 Singapore Industrial
Property Market Overview
79 Property Portfolio Map
80 Portfolio Details

GOVERNANCE

94 Corporate Governance
116 Risk Management
120 Investor Engagement
125 Sustainability

FINANCIALS

164 Financial Statements
248 Additional Information

UNITHOLDER INFORMATION

250 Statistics of Unitholdings
253 Notice of Annual General Meeting
Proxy Form
Request Form
Corporate Directory

**To be a leading real estate investment trust
with a portfolio of quality industrial assets**



2 Jalan Kilang Barat
(High-Specs Industrial)



Vision, Mission and Corporate Profile



VISION

To be a leading Real Estate Investment Trust with a portfolio of quality industrial assets.



MISSION

- To deliver stable returns, and long-term capital growth to our Unitholders
- To develop a resilient and balanced portfolio through strategic investments of quality assets, proactive asset management of our properties, and prudent capital and risk management
- To operate with credibility for the benefit of our Unitholders, tenants, employees, partners and other stakeholders within the communities in which we do business.



CORPORATE PROFILE

ESR-REIT has been listed on the Singapore Exchange Securities Trading Limited since 25 July 2006. ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2020 holds interest in a diversified portfolio of 57 properties located across Singapore, with a total gross floor area of approximately 15.1 million square feet and an aggregate property value of S\$3.1 billion⁽¹⁾. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide.

The Manager's objective is to provide Unitholders with a stable income stream through the successful implementation of the following strategies:

- **Acquisition of value-enhancing properties;**
- **Proactive asset management;**
- **Divestment of non-core properties;** and
- **Prudent capital and risk management.**

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, ESR Cayman Limited ("ESR") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

For further information on ESR-REIT, please visit

www.esr-reit.com.sg

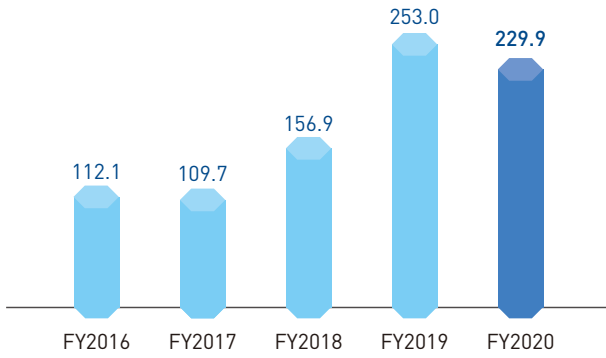
Scan now for the latest report



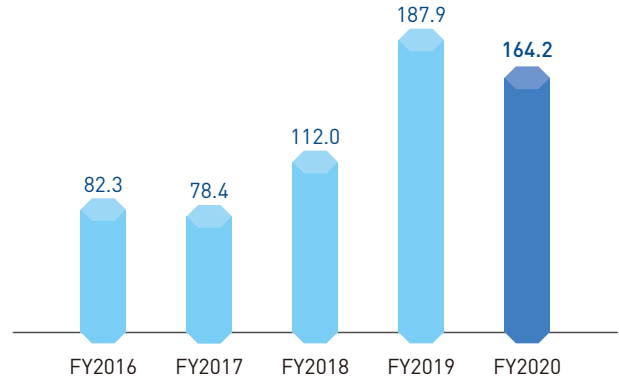
⁽¹⁾ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019. Valuation as at 31 December 2020.

Five-Year Financial Highlights

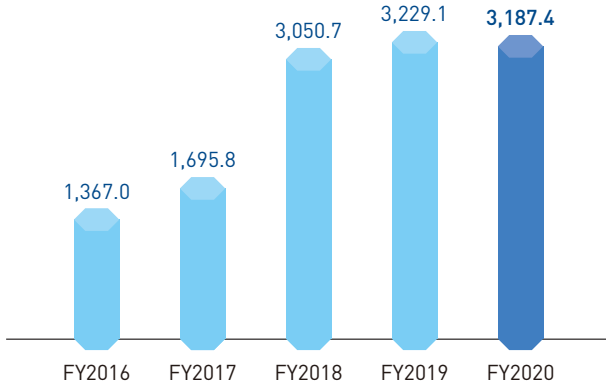
Gross Revenue
(S\$ million)



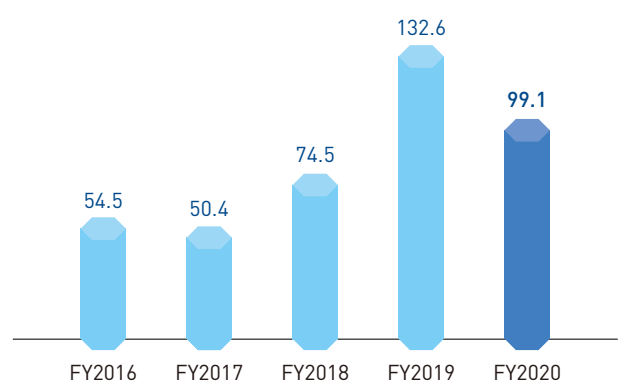
Net Property Income
(S\$ million)



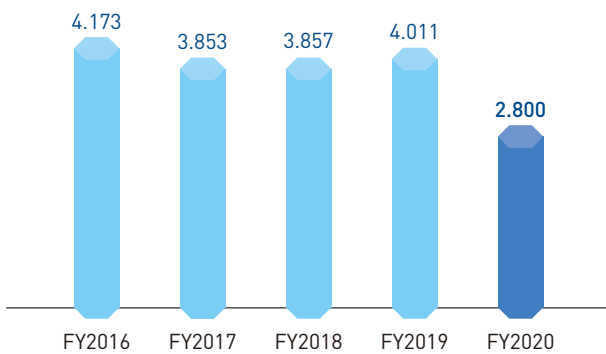
Total Assets
(S\$ million)



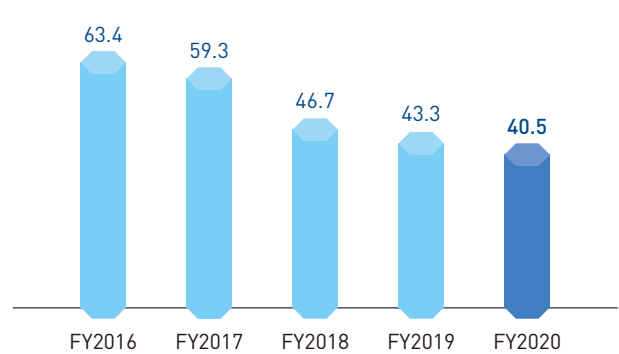
Total Distribution to Unitholders
(S\$ million)



DPU
(cents per unit)



Net Asset Value
(cents per unit)



Five-Year Financial Highlights

	2020	2019	2018	2017	2016
Financial Position					
Total Assets (S\$ million)	3,187.4	3,229.1	3,050.7	1,695.8	1,367.0
Total Net Borrowings (S\$ million)	1,178.6	1,191.1	1,268.2	669.8	509.6
Unitholders' Funds (S\$ million)	1,447.0	1,508.6	1,479.7	778.9	827.0
Key Financial Ratios					
Debt to Total Assets (%)	41.6 ⁽¹⁾	41.5 ⁽¹⁾	41.9	39.6	37.5
Weighted Average All-in Cost of Debt (p.a.) (%)	3.5 ⁽²⁾	3.9	3.8	3.6	3.7
Interest Coverage Ratio (times) ⁽³⁾	3.5	3.7	4.0	3.5	3.6
Capital Management					
Total Loan Facilities Available (S\$ million)	1,305.0	1,290.0	1,360.0	715.0	615.0
Gross Borrowings (S\$ million)	1,186.0	1,200.0	1,277.6	672.0	512.5
Perpetual Securities Issued (S\$ million)	150.0	150.0	150.0	150.0	-
Units in Issue (million)	3,576.4	3,487.3	3,170.2	1,313.6	1,304.4
Market Capitalisation (S\$ million) ⁽⁴⁾	1,412.7	1,848.3	1,616.8	742.2	704.4
Trading Statistics for Financial Year					
Opening Price (S\$)	0.535	0.505	0.565	0.540	0.565
Highest Price (S\$)	0.560	0.565	0.595	0.615	0.580
Lowest Price (S\$)	0.240	0.500	0.470	0.535	0.485
Closing Price (S\$)	0.395	0.530	0.510	0.565	0.540
Volume Weighted Average Price (S\$)	0.3718	0.530	0.525	0.571	0.539
Total Volume Traded (million Units)	3,588.4	1,520.1	490.4	320.0	415.0
Average Volume per Day (million Units)	14.4	6.1	2.0	1.3	1.7
Total Return (%)⁽⁵⁾	-19.81	12.06	-2.75	11.85	3.15

⁽¹⁾ Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 *Leases* which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019.

⁽²⁾ On 12 March 2021, ESR-REIT has successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility. On a pro-forma basis, the weighted average debt expiry has been extended from 2.2 years to 2.9 years post the refinancing.

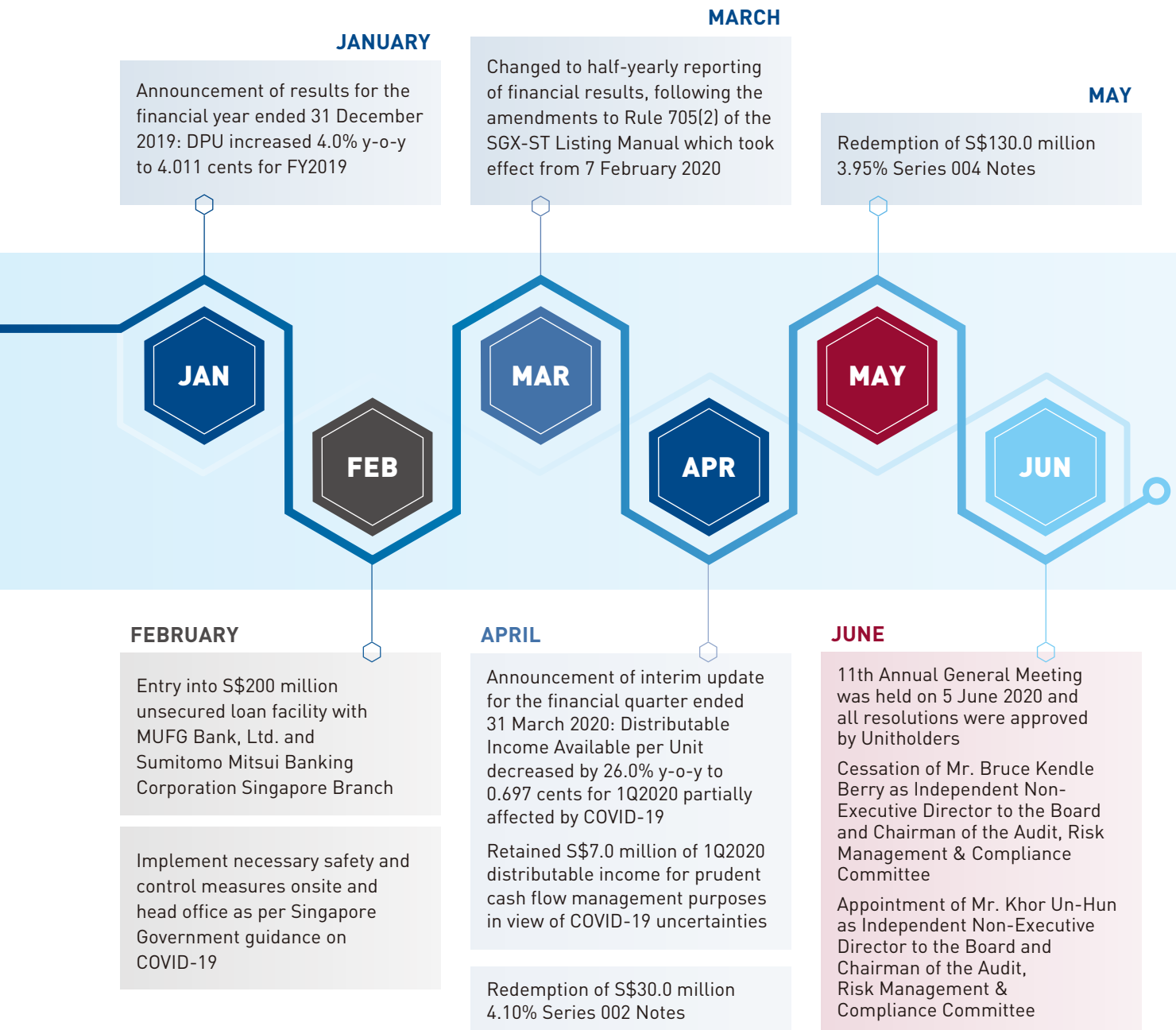
⁽³⁾ Computed based on EBITDA excluding gain on disposal of investment properties, fair value adjustments relating to the Merger and changes in the fair value of investment properties and financial derivatives divided by interest expenses.

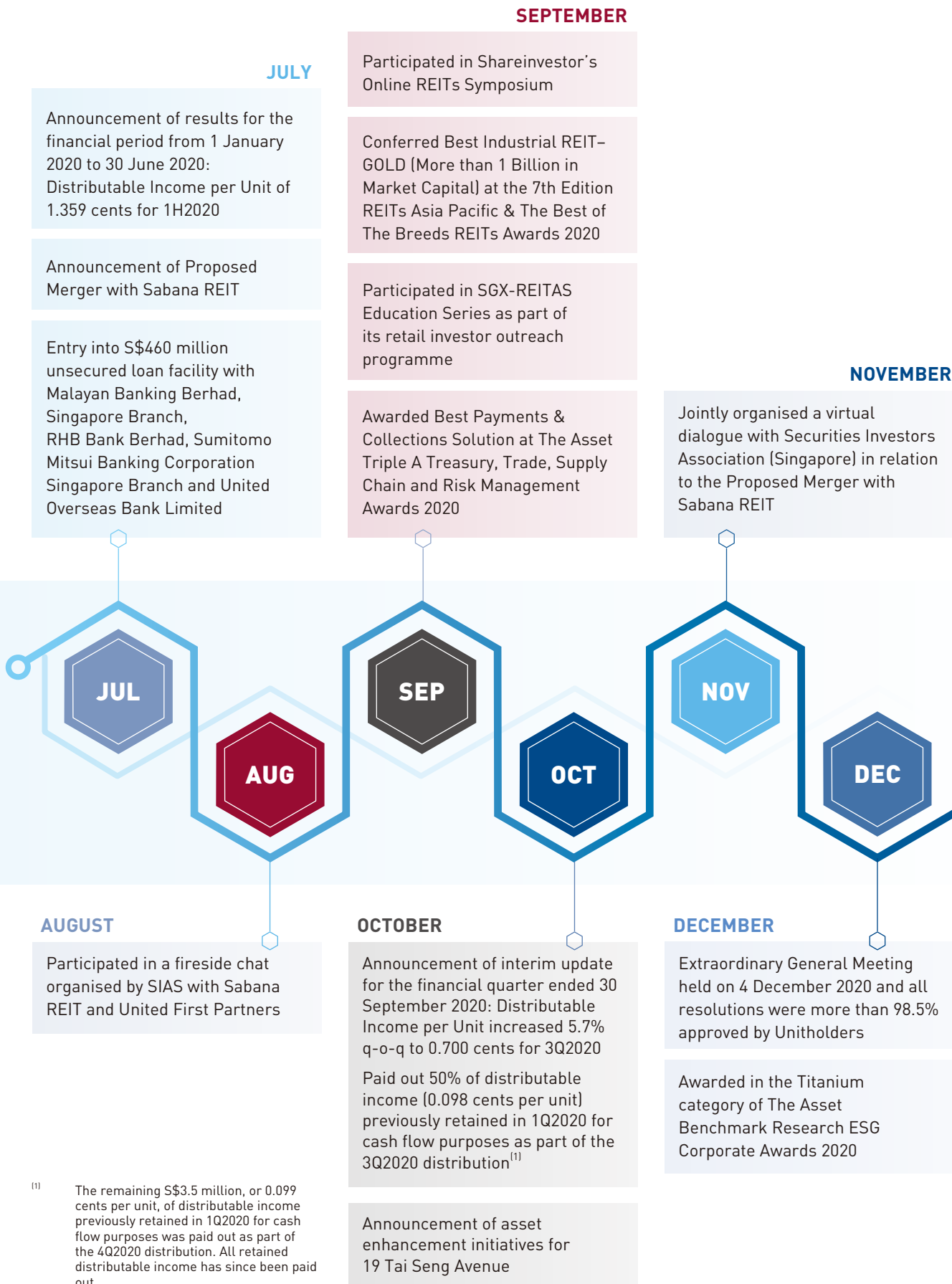
⁽⁴⁾ Computed based on closing price and Units in issue at the end of the financial year.

⁽⁵⁾ Performance is calculated on the change in unit price over the year, based on the closing price of the last day of the preceding year and the closing price of the current year, including the assumption that distributions paid were reinvested at the closing price on the ex-distribution date.

FY2020 Key Milestones

2020 has been an eventful year for many of us. While the challenges caused by COVID-19 had affected us financially, we continue to deliver and build on our operational achievements for the year. Our ability to act quickly and decisively has been a contributing factor to our continued containment of downside risks. >>





Letter to Unitholders



MR. ADRIAN CHUI

Chief Executive Officer and Executive Director

MR. OOI ENG PENG

Independent Chairman

Dear Unitholders,

2020 was a year of challenges and a new normal for businesses and society where we had to quickly adapt and respond to a highly uncertain external environment as a result of the global COVID-19 pandemic with severe disruptions to global trade and the closure of international borders. In 2020, the Singapore economy entered into its deepest recession since independence, having registered a full-year GDP contraction of 5.4% on the back of three consecutive quarters of year-on-year contractions. The pandemic and subsequent downturn in the economy has affected our tenants' business operations and disrupted international supply chains.

Throughout this period, the health and safety of our people, our customers and our communities has remained paramount. As part of the Singapore Government's response to the pandemic, we have worked closely with our tenants and provided them with rental reliefs in the form of rental rebates and deferrals of rental payments to help them mitigate operational challenges. Given the lingering uncertainties of a prolonged pandemic, we have

also implemented operational cost saving measures across the portfolio, including deferring non-essential capital expenditures and certain asset enhancements until such time when the market conditions improve.

While the pandemic has delayed our growth plans and impacted our earnings, the ability of our portfolio to quickly regain its cashflow stability not only reflects the diversification and resilience of our portfolio, it also lays the foundations for the sustainable, forward-thinking business we have today and ensures we continue to create long-term value for our stakeholders.

Stable Financial Position

2020 saw ESR-REIT deliver a core distribution per unit ("Core DPU") for FY2020 of 2.80 cents, down 20.7% year-on-year from 3.529 cents in FY2019 due to the pervasive impact of the COVID-19 pandemic and the ensuing measures implemented to support our tenants' business operations and cashflows. Quarterly core DPU has shown signs of stabilisation from the second quarter onwards

with sequential growth of 5.7% and 5.9% in 3Q2020 and 4Q2020 respectively.

Fears of a slowdown in industrial activities were temporarily alleviated by a rising demand in logistics and e-commerce in addition to the national stockpiling of essential goods, leading to a strong take-up in both warehouses and general industrial properties within our portfolio. The entire nation also underwent a digitalisation transformation as employees are required to work from home to minimise the spread of the virus, which generated a strong interest in high-specs industrial.

Despite the dampened economy, our diversification strategy has enabled ESR-REIT to ride through the challenges to deliver a positive set of results. With close to 40.0% of our portfolio comprising high-specs industrial and logistics/warehouses, we are well-placed to attract tenants either looking to strengthen their supply chain or upgrade their infrastructure. What used to be “Just-In-Time” manufacturing in global supply chain operations is increasingly becoming “Just-in-Case” as industrialists evaluate the limitations and diversify their supply chains to keep pace with the eventual recovery of global economy and trade.

Retaining our Tenants

ESR-REIT focuses on building mutually beneficial and sustainable relationships with our tenants and having a well-planned lease renewal cycle, including actively engaging tenants to renew their leases ahead of expiries. Proactive lease management has ensured that our portfolio occupancy levels have been consistently above industrial average, at 91.0% as at 31 December 2020.

Despite challenging external conditions, our tenant retention rate improved from 69.6% in FY2019 to 84.6% in FY2020. The higher retention rate was boosted by a higher demand in industrial space during the year. In total, we have renewed close to 2.22 million sqft of space and signed new leases of about 1.65 million sqft (or approximately 42.6% of total space leased in FY2020). A total of 165 leases were signed in FY2020 compared to 144 leases in FY2019.

Capital Requirements

ESR-REIT has strong banking relationships and continue to source for the most cost-effective funding in anticipation of future capital requirements. We successfully secured S\$660 million of borrowings in FY2020 at a lower cost of funds despite a climate of uncertainty which had already

descended unto the global capital and credit markets.⁽¹⁾ As at 31 December 2020, Unsecured Term Loans and Medium-Term Notes made up 84.7% and 4.2% of our total debt respectively.

On 12 March 2021, ESR-REIT has successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility. Despite the tough credit market conditions, four lending banks supported us for the above refinancing, affirming their confidence in our management, as well as the quality and value of our portfolio. ESR-REIT's portfolio remains 100.0% unencumbered after the refinancing, which provides financial flexibility for us to manage our operations and balance sheet.

We will continue to proactively reduce uncertainties in our capital structure by extending the debt maturity profile to manage refinancing risks and seek alternative sources of funding in debt and equity markets to support our growth, where appropriate.

Strategy

Our key focus is to ensure we continue to deliver stable performance and extract value from our portfolio amidst challenging market conditions. At ESR-REIT, this means we need to ensure the value and long-term competitiveness of our portfolio through proactive asset enhancements, and acquisition and selective development of prime properties to augment our existing portfolio, and divesting non-core properties that have reached their optimal stage with limited asset enhancement or redevelopment potential to recycle capital. It is a strategy that drives us to constantly seek ways to deepen our presence and maximise our scale for sustainable results.

This includes endeavours to improve our portfolio to maximise its value, upgrade our assets to enhance yields, attract and retain customers, partners and employees in long-term partnerships and deploy resources through prudent capital management, as well as environmental conservation to position for future growth.

During the year, ESR-REIT embarked on a proposed merger with Sabana Shari'ah Compliant Real Estate Investment Trust (“Sabana REIT”) which saw positive support from our Unitholders at the Extraordinary General Meeting held on 4 December 2020. The strong support from our Unitholders demonstrated that they recognise the importance of size and the long-term benefits that greater scale would bring.

⁽¹⁾ This amount includes the \$460 million loan facility for the proposed merger with Sabana REIT which was not drawn down as the transaction was not approved by the Unitholders of Sabana REIT.

Letter to Unitholders

On that note, our key priorities in FY2021 would be enhancing our portfolio and cashflow stability, as well as pursuing growth. We will focus on positioning our portfolio to ride the eventual recovery in the global economy and take advantage of the rebalancing in global supply chains via organic growth such as asset enhancement initiatives ("AEI") to remain relevant in the industrial sector which includes (i) approximately S\$60 to S\$70 million of AEIs to be carried out over 12 to 18 months; and (ii) development of a multi-tenanted high-specs building at 7000 Ang Mo Kio Avenue 5 suitable for advanced manufacturing, info-comm and data centre tenants. In line with our portfolio reconstitution strategy, we intend to divest up to S\$50 million of non-core assets to pare down debt and fund AEIs and developments. Ongoing AEIs at UE BizHub EAST and 19 Tai Seng Avenue are expected to complete by 1Q2021 and 3Q2021 respectively.

Acquisitions remain an integral part of our strategy and we will continue to pursue potential value-accretive acquisition and development opportunities locally and overseas. Overseas expansion provides an opportunity for geographical diversification and for us to address our underlying short land lease issue while allowing us to bulk up and leverage on the support of our developer-sponsor, ESR Cayman Limited's operations and networks. With our Sponsor's development expertise, and its established presence and US\$26 billion pipeline of assets in six countries across Asia Pacific, we are well-positioned to capitalise on investment and development opportunities as they arise.

Commitment to Sustainability

2020 saw us winning awards in areas of corporate governance and sustainability. ESR-REIT was awarded in the Titanium category of The Asset ESG Benchmark Research ESG Corporate Awards 2020, one of Asia's longest running ESG awards. The annual award recognises companies' adherence to environmental, social and governance ("ESG") principles.

ESR-REIT was also conferred the 'Best Industrial REIT — Gold' award in the category for REITs with market capitalisations of US\$1 billion and above, at the 7th Edition REITs Asia Pacific & The Best of the Breeds REITs Awards 2020.

In line with our sustainability goals, we have developed a new environmental policy based on the requirements of GRESB and Building and Construction Authority. We will focus on the adoption of the United Nations Sustainable Development Goals for FY2021. Despite COVID-19, we will continue to engage our stakeholders actively via virtual communications or socially distanced means to foster closer relationships with our tenants, suppliers, investors, business partners, employees and the communities in which we operate.

Looking Ahead

The Singapore economy is expected to expand by 4% to 6% in 2021. While we expect demand for prime industrial space to continue into 2021, the delay in the completion of industrial projects in 2020 meant that there will be an oversupply of industrial space in 2021, potentially impeding any future rental growth. While we remain focused on our business fundamentals as we optimise the value of our assets, leverage market recoveries and explore new opportunities, prudent cost management will also help to offset any potential decline in the REIT's FY2021 revenue due to negative rental reversions resulting from expiring leases in 2021. As a counterweight, ESR-REIT will continue to deepen its presence in Singapore, expand its footprint overseas, as well as invest strategically in new income-producing real estate platforms and/or selective developments.

Acknowledgements

Throughout the challenging year of 2020, our stakeholders have been steadfast in their support for ESR-REIT. We wish to express our sincere appreciation to our Unitholders, tenants, business partners, the entire ESR-REIT team and our Sponsor, ESR Cayman Limited, for their extraordinary support. We will continue to focus on creating and delivering sustainable long-term value.

Finally, our special appreciation goes out to Mr. Bruce Berry for his dedication and invaluable contributions as Chairman of our Audit, Risk Management and Compliance Committee ("ARCC") for the past four years. We are pleased to welcome Mr. Khor Un-Hun as an Independent Non-Executive Director to our Board, who will lead us as the Chairman of our ARCC.

While COVID-19 vaccination campaigns are underway globally, there are still challenges in 2021 as the global economy recovers and the international borders gradually reopen. Nevertheless, with all our stakeholders' support and new opportunities available, we are confident that we will be able to ride out the uncertainties and emerge stronger.

Sincerely yours,

MR. OOI ENG PENG

Independent Chairman

MR. ADRIAN CHUI

Chief Executive Officer and Executive Director

Mitigating COVID-19

FY2020 will go down in history as one of the most challenging years that reshaped society on a global level. The onset of COVID-19 resulted in initial disruptions across ESR-REIT's operations and the Manager took swift and decisive actions to overcome pandemic related challenges and placed significant emphasis on the health and safety of its employees, tenants, business partners and the communities in which it operates.

The Manager's primary objective during the early stages of the pandemic was to ensure the continuation of its business operations. This level of rigour was applied across all its properties and locations, through the adjustment of office and site-based working arrangements and the quick yet efficient implementation of new frameworks, policies and support for employees, tenants and business partners as restrictions and safe distancing measures became the first lines of defence against incipient outbreaks.

In response to the pandemic, a committee was quickly established by the Manager in February 2020 to roll out a range of measures based on guidelines provided by the Ministry of Health and the Ministry of Trade and Industry such as temperature screening and SafeEntry for tenants and visitors, safe distancing measures, sanitation procedures and transfer protocols in the event of confirmed cases. The committee monitors the REIT's operations to minimise the risk of business disruptions and to safeguard the well-being of employees, who are integral to the REIT's business continuity plans.



Temperature screening of all visitors



Temperature screening stations at entrances to multi-tenanted buildings

Navigating through COVID-19

In early FY2020, companies in Singapore were encouraged to telecommute as infection rates started to rise in end-January. The government enforced social distancing measures as a means to stave off infection and control the pandemic. As a result, the economy started to show warning signs of a recession as people were told to stay at home and work from home, and global borders started shutting down. To mitigate the financial impact, the Manager executed a course of action during 1Q2020 which included the retention of S\$7.0 million of distributable income for prudent cash flow management purposes, passing on of property tax rebates and government support to eligible tenants and the implementation of cost saving measures on operating expenses and the deferment of all non-essential capital expenditures, where possible.

The recession deepened when Singapore went into "circuit breaker" (lockdown measures enforced by the government) from 7 April 2020 to 1 June 2020. Even though more than half of ESR-REIT's tenants are essential service providers and were operational during the circuit breaker, the lockdown affected the REIT's business performance in 2Q2020. Core DPU in 2Q2020 dipped 5.0% from 1Q2020 to 0.662 cents in 2Q2020, reflecting a significant deterioration in the operating environment as a result of the circuit breaker measures.

ESR-REIT's business performance improved slightly as the lockdown ended and Singapore slowly transitioned into Phase Two. By 3Q2020, business operations of most tenants largely resumed to pre-circuit breaker levels with safe management measures in place. As such, core DPU increased on a quarterly basis from 2Q2020 to 4Q2020 as the economy felt signs of a gradual stabilisation from the initial COVID-19 impact.

Mitigating COVID-19

Below is a snapshot of the impact of COVID-19 on our financial performance in FY2020.

	1Q2020	2Q2020	3Q2020	4Q2020	FY2020
Gross Revenue (before rental rebates) (S\$ million)	60.3	58.1	58.9	60.0	237.3
COVID-19 Rental Rebates ⁽¹⁾ (S\$ million)	2.5	2.1	2.1	0.7	7.4
Gross Revenue (after rental rebates) (S\$ million)	57.8	56.0	56.8	59.3	229.9
Net Property Income (S\$ million)	41.0	39.2	40.4	43.6	164.2
Core DPU (cents)	0.697	0.662	0.700	0.741	2.800

With the economy showing signs of gradual improvement and the REIT's portfolio showing signs of stabilisation, the Manager paid out the retained distributable income in 3Q2020 (0.098 cents) and 4Q2020 (0.099 cents) respectively. Rental collection throughout FY2020 was stable, maintaining at approximately 97.0%.

In this challenging business environment, the Manager remains committed to maintaining a healthy balance sheet and liquidity position. ESR-REIT is in a stable position to meet its financial obligations, with the financial flexibility to fund opportunities as they arise. Furthermore, ESR-REIT's ability to refinance its loans ahead of expiry highlights its track record of establishing strong banking relationships and continued access to capital. The Manager will continue to remain vigilant and monitor any potential exposure in its capital management position closely.

Tenant Support during COVID-19

Following the onset of the pandemic, the asset management and leasing teams have been maintaining a constant dialogue with their tenants and customers to develop an in-depth understanding of their business needs and challenges amidst these trying times. This approach has helped the teams render timely assistance to tenants who faced difficulties and work alongside them to arrive at a mutually beneficial arrangement.

Since March 2020, ESR-REIT put in place a package of relief measures to help tenants cope with mounting cashflow and operating pressures as the COVID-19 situation worsened. The initial rental relief comprised a full pass-on of the property tax rebate (30% rebate for industrial tenants and 100% rebate for retail tenants) for the period from January 2020 to December 2020 to eligible



Increased frequency of sanitising high contact public areas



Keeping our tenants and visitors safe with frequent disinfection of public areas

⁽¹⁾ Additional rental rebates set aside for and/or given to tenants as part of ESR-REIT's measures to support tenants adversely affected by the COVID-19 outbreak, as well as under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020.

tenants, which was part of the Stabilisation and Support Package announced during the Singapore Budget 2020 to help sectors that are more affected by the COVID-19 outbreak.

To help support Small and Medium Enterprises (SME), the government also mandated a co-sharing of rental relief between the government and landlords that provided eligible SME tenants at commercial properties a total of four months of net rent waived - two months from the government and two months from the landlord. SME tenants in the office and industrial sector got two months of rent waived – one month from the Government and one month from the landlord.

Apart from the rental reliefs mandated under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020, ESR-REIT also provided discretionary rental rebates to support tenants adversely affected by the pandemic.

ESR-REIT provided total rental rebates of S\$7.4 million to its tenants in FY2020.

On top of providing rental rebates, the Manager also granted deferment of rental payment for several tenants on a case-by-case basis to help further ease their cash flow concerns.

Looking Ahead

Despite the subdued economic environment, the Manager achieved a healthy tenant retention rate of 84.6% in FY2020, a strong testament to the continued focus on proactive lease management. The REIT recorded a portfolio occupancy of 91.0% in FY2020, consistently above the industrial average of 89.9%^[2].

Going forward, challenges remained aplenty in FY2021 as 0.5 million sqm of new industrial stock had been delayed from FY2020 as a result of substantial delays in construction, adding on the estimated 2.7 million sqm of industrial space expected to be completed in FY2021, which is significantly above the 3-year historical average annual supply of 0.6 million sqm.^[2] The Manager expects further delays in the completion of some building projects as the construction industry is facing manpower constraints and shortage of raw material supplies due to the pandemic. While the additional supply is expected to put pressure on rents and occupancies in the coming year, the ongoing demand for warehouse and high-specs space will partially cushion the impact.

As the duration of the impact of the pandemic is uncertain, the near-term effects from COVID-19 are continuing and the Manager expects current conditions to affect future performance. Notwithstanding the uncertainties, ESR-REIT entered FY2021 on a stronger position compared to the previous year with the capacity and financial flexibility to execute asset rejuvenations and capture acquisition opportunities as they come. Progress has been made on the two Asset Enhancement Initiatives ("AEI") of UE BizHub EAST and 19 Tai Seng Avenue (refer to page 46) and the AEIs are scheduled to complete in 1Q2021 and 3Q2021 respectively.

In light of the COVID-19 situation, the Manager will continue to take proactive steps to maintain a healthy portfolio occupancy through the retention of existing tenants and attracting more quality tenants. Concurrently, it will also ensure that the portfolio has the right space to cater to the evolving business needs of industrialists.

The Manager remains committed to pursue value acquisitions and execute asset enhancements to strengthen the quality of the portfolio.

^[2] Based on information obtained from JTC 4Q2020 Industrial Property market report.

Unit Price and Yield Performance

Trading Performance in FY2020

Global stock markets closed the end of FY2019 by clocking their best performance since the aftermath of the financial crisis a decade ago, primarily driven by a surge in US technology and a strong recovery in eurozone and Asian stocks. However, the rapid spread of COVID-19 caused a major and sudden global stock market crash in 1Q2020, with major indices and global equities recording one of their worst declines in March 2020 before rebounding back slightly to close out FY2020.

Likewise, Singapore's economy recovered slightly after suffering its worst contraction in 2Q2020. The full year contraction of Singapore's economy at 5.8% is slightly better than the official forecast of a contraction of between 6.0% to 6.5% based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 4 January 2021.⁽¹⁾

Against this volatile backdrop, ESR-REIT's closing unit price was S\$0.395 as at 31 December 2020, a drop of 25.5% from S\$0.530 as at 31 December 2019. ESR-REIT's market capitalisation was approximately S\$1.41 billion as at 31 December 2020. Trading volumes reached new heights in FY2020. Approximately 3.6 billion ESR-REIT units were traded in FY2020, 136.1% higher than FY2019. Average

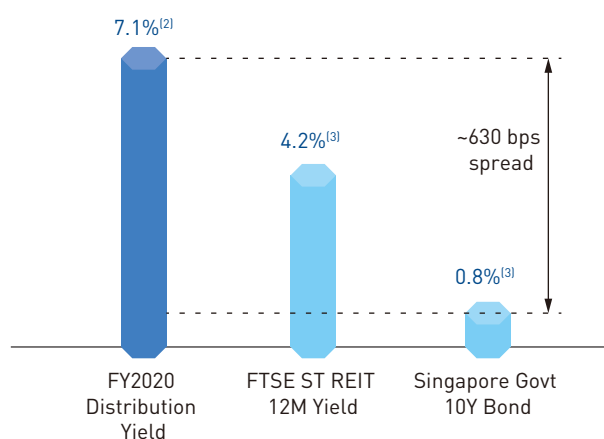
daily trading volume for FY2020 was approximately 14.4 million units, an increase of 136.1% over FY2019.

Distribution per Unit ("DPU") for FY2020 was 2.80 cents, translating to a distribution yield of 7.1% based on the closing unit price of S\$0.395 as at 31 December 2020.

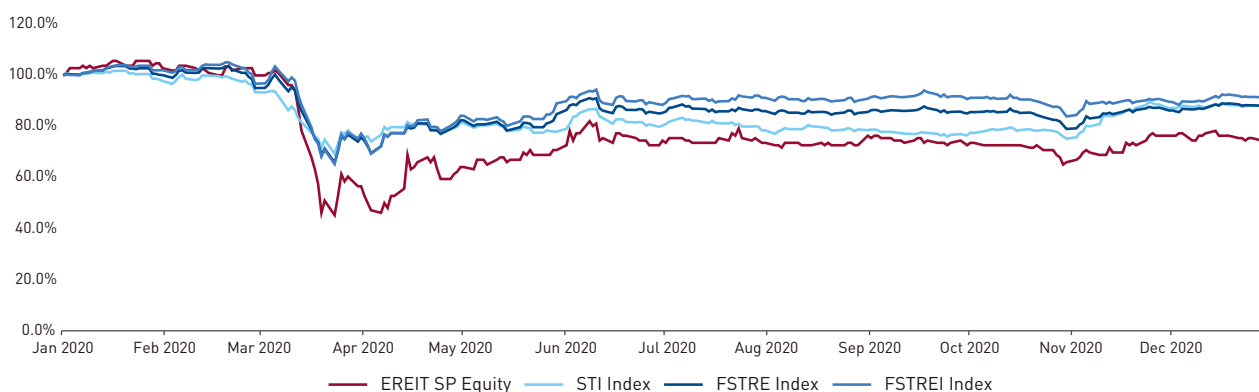
Attractive Yield (%)

(As at 31 December 2020)

FY2020 Distribution Yield (%)



Comparative Trading Performance in FY2020



Trading data across five years

	2020	2019	2018	2017	2016
Opening (S\$)	0.535	0.505	0.565	0.540	0.565
Closing (S\$)	0.395	0.530	0.510	0.565	0.540
Highest (S\$)	0.560	0.565	0.595	0.615	0.580
Lowest (S\$)	0.240	0.500	0.470	0.535	0.485
Volume Weighted Average Price (S\$)	0.372	0.530	0.525	0.571	0.539
Total Trading Volume (million units)	3,588.4	1,520.1	490.4	320.0	415.0
Average Daily Trading Volume (million units)	14.4	6.1	2.0	1.3	1.7

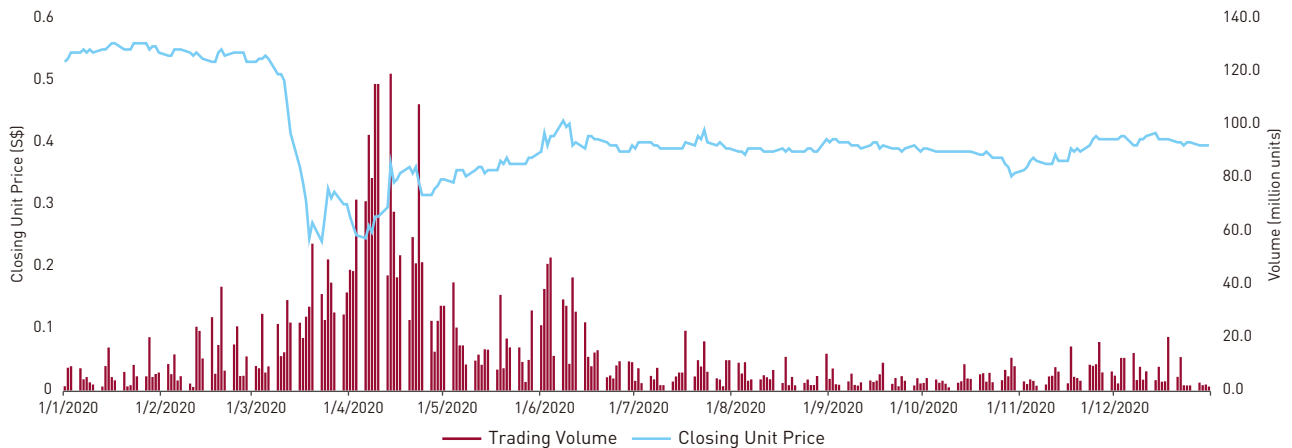
⁽¹⁾ Based on data from Ministry of Trade and Industry ("MTI").

⁽²⁾ Based on closing price of S\$0.395 as at 31 December 2020 and FY2020 DPU of 2.80 cents.

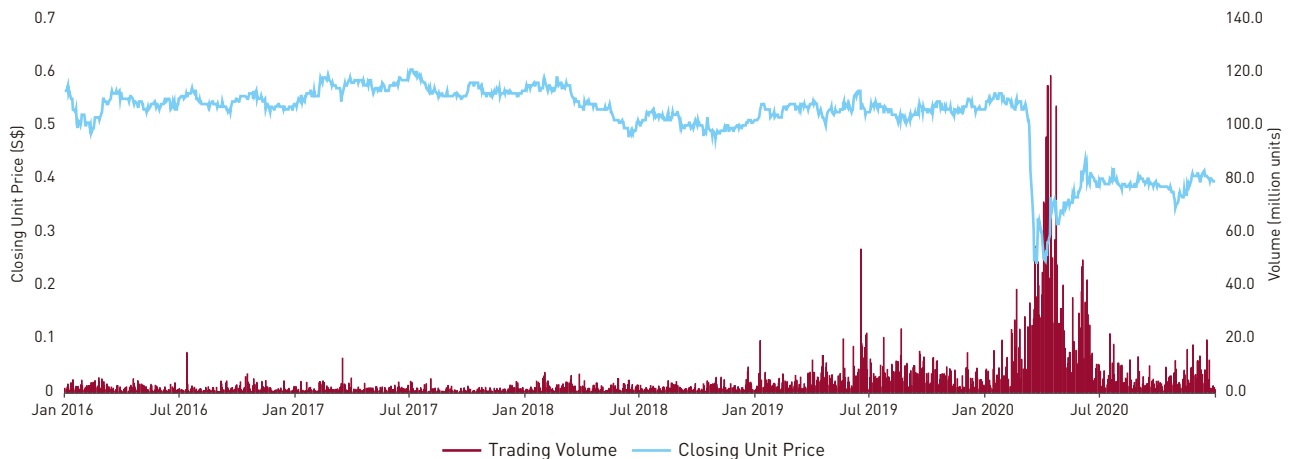
⁽³⁾ Based on closing price as at 31 December 2020.

Unit Price and Yield Performance

Monthly Trading Performance in FY2020



5-Year Trading Performance



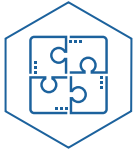
Constituent of Key Indices

iEdge S-REIT Leaders SGD Index (Price Return)
iEdge S-REIT Leaders USD Index (Price Return)
iEdge S-REIT Index
iEdge S-REIT 20 Index
iEdge SG Real Estate Index
Bloomberg Asia Real Estate Investment Trust Index
iEdge SG ESG Leaders Index
WisdomTree Global ex-US Real Estate Index
iEdge SG ESG Transparency Index
FTSE ASEAN All-Share Index
Nasdaq Developed Markets Real Estate Index
Bloomberg APAC Developed Markets ex Japan Lrg, Mid, Sm Cap Price Ret Index
Invesco FTSE RAFI DevMrkts ex-U.S. S-M ETF INAV Index
Vanguard FTSE Pacific ETF INAV

MSCI ACWI Value Small USD Index
Bloomberg Asia Developed Markets Large, Mid & Small Cap Price Return Index
Bloomberg APAC Developed Markets Large, Mid & Small Cap Price Return Index
FTSE Developed Asia Pacific All Cap Net Tax (US RIC) Index
Bloomberg Developed Markets ex N. America Lrg, Mid, Sm Cap Price Ret Index
Bloomberg Developed Markets ex US Large, Mid & Small Cap Price Return Index
MSCI World ex USA IMI (VRS Taxes) Net Return USD Index
FTSE Developed ex US All Cap Net Tax (US RIC) Index
Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index

Key Drivers of our Value Proposition

OUR COMPETITIVE STRENGTHS >>



Resilient and Balanced Portfolio

A balanced portfolio with 57 quality income-producing industrial properties valued at S\$3.1 billion⁽¹⁾ across four sub-asset classes in key industrial zones across Singapore. We have reduced diversification risks to our portfolio by sub-sector type, tenants and geography.



Diversified Tenant Network

An extensive tenant base of 343 clients creates a network that reduces overall exposure to any one particular sector.



Prudent and Balanced Capital and Risk Management

ESR-REIT has a stable income stream supported by prudent capital and risk management strategies. Diversified sources of funding ensure ESR-REIT can tap into alternative pools of capital in order to optimise Unitholder returns.



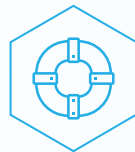
Proactive Asset Management

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.



Experienced and Professional Management Teams

ESR-REIT's management team comprises 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.



Backed by Strong and Committed Sponsor

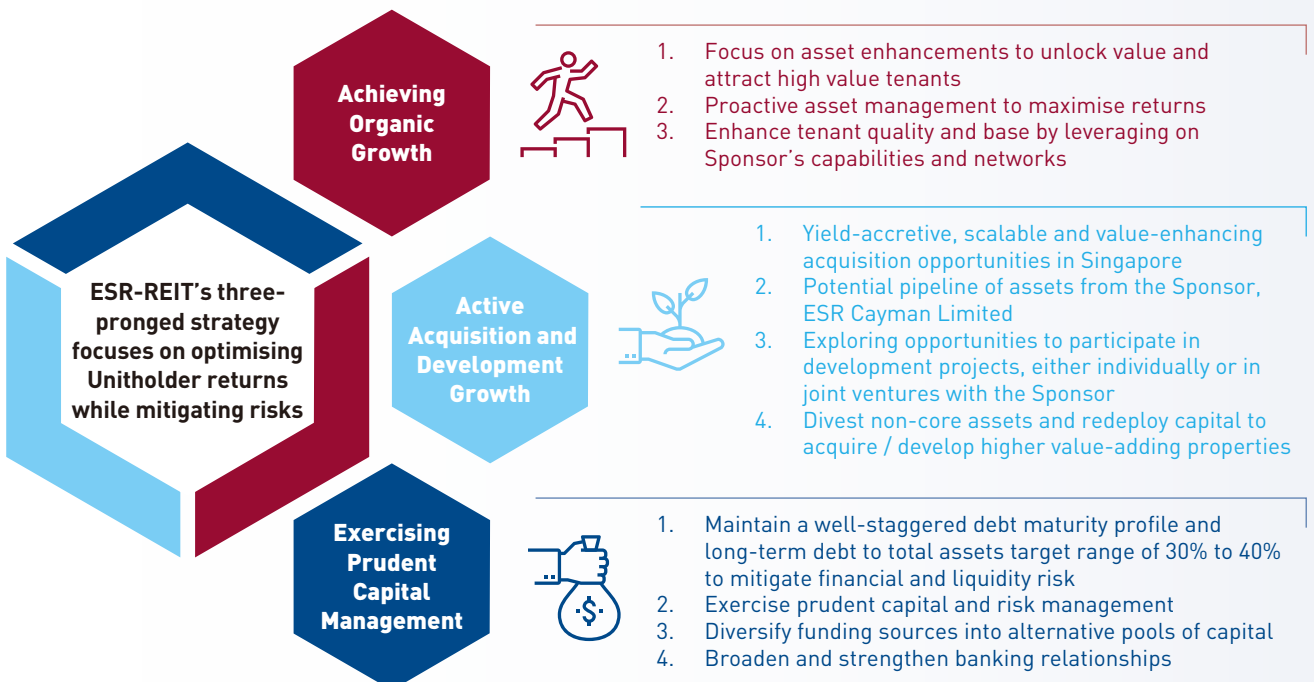
ESR-REIT is sponsored by ESR, the largest APAC focused integrated logistics real estate platform. ESR has 18.7 million sqm GFA of properties completed and under development.



Continued Commitment Towards Sustainability

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

OUR LONG-TERM STRATEGY >>



⁽¹⁾ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% 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. Valuation as at 31 December 2020.

OUR PROPERTIES >>

Business Parks



Asset Type:

Business Parks are properties that cater to industries/businesses relating to high-technology, research and development ("R&D") value-added and knowledge-intensive sectors.

Tenant Profile:

Companies that engage in a range of activities which are technology and research-oriented industries and non-manufacturing in nature such as technical support, information-communication, product design, R&D, call and service centre and back-end office function.

Read more on pages 84 to 85

High-Specs Industrial



Asset Type:

Mainly comprising mixed-use industrial buildings with high proportion of space allocated for office use. These buildings have modern facades, air-conditioned units, sufficient floor loading, ceiling height and electrical power capacities to enable both manufacturing and supporting office functions to be carried out concurrently.

Tenant Profile:

Companies in technology, R&D and knowledge-intensive sectors involved in light industrial activities such as precision engineering and data centres.

Read more on pages 86 to 87

Logistics / Warehouse



Asset Type:

Logistics facilities that are equipped with high floor loading and 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.

Tenant Profile:

Third-party logistics providers, wholesalers, distributors and import/export companies.

Read more on pages 88 to 89

General Industrial



Asset Type:

General industrial buildings can be single or multi-storey facilities dedicated to general and heavy manufacturing or factory activities.

Tenant Profile:

Companies that engage in general manufacturing activities.

Read more on pages 90 to 93

OUR PRIORITIES FOR 2021 >>

1

Source for income-producing quality assets locally and overseas where we can leverage on the strong operating platform of our Sponsor

2

Strengthen collaborations with strategic partners to capture growth opportunities in the region

3

Continue to streamline portfolio to dispose non-core assets and redirect proceeds to fund future acquisitions and improve portfolio returns

4

Carry out selective asset optimisation and improvements to capitalise on the Manager's AEI capabilities and optimise the value of the portfolio

5

Maintain an optimal 60%-70% MTB and 30%-40% STB mix

6

Proactive marketing and leasing of space to maintain a healthy portfolio occupancy rate

7

Target index inclusion to increase trading liquidity and visibility of the units

Key Trends Underpinning Our Strategy

Key trends shape our operating environment, generating both risks and opportunities that impact how we create value through our business strategy. On a consistent basis, we proactively review our strategy and outlook as these trends can evolve over time.



EVOLVING NEEDS OF INDUSTRIALISTS >>

For many industrial space occupiers, location is no longer the only consideration. Companies are increasingly looking to meet the demands of a mobile workforce and to buffer against potential disruptions in supply chain. The government has also encouraged organisations to shift towards digitalisation which requires more advanced technical specifications and automation.

Opportunities for Growth

In 2020, ESR-REIT announced that 19 Tai Seng Avenue would be undergoing asset enhancement initiatives ("AEI") to convert from a general industrial to a high-specs property. Improvements will be made to upgrade the property and make it suitable for the increase in demand from technology companies and firms from higher-value added industries. The property remains operational during AEI works.



BALANCING SUPPLY AND DEMAND >>

The next few years will see Singapore's industrial real estate market experience an oversupply in the amount of space introduced to the market. The Circuit Breaker and subsequent safe management measures have delayed completions of new projects which have temporarily pushed new supply to 2021.

Opportunities for Growth

A supply of new industrial space in the market may affect prices and rents over the next few years. ESR-REIT's proactive approach towards asset and lease management enables it to address tenants' changing business needs and provide flexible and customised solutions. Our portfolio of 57 properties across the four different asset classes also enables the REIT to capture demand upside from the various business trade sectors.



RISING MANUFACTURING 2030 INITIATIVES >>

The increased prevalence of technology, digital transformation and innovation not only has the potential to change the face and functionality of buildings but also the profile of tenants that lease these spaces. The Singapore Government has acknowledged the need to revamp its manufacturing model into one that provides more innovation-based and high-value added production, and initiatives are in place to help the sector gear up.

Opportunities for Growth

In line with the Singapore government's push towards Manufacturing 2030, ESR-REIT is repositioning its properties to cater to the evolving needs of high value industrialists. AEIs at selected properties also enable ESR-REIT to improve building specifications to attract these tenants of tomorrow.



MANAGING ECONOMIC UNCERTAINTIES >>

Although Singapore's economy is expected to return to growth in 2021, global markets continue to be ravaged by COVID-19, which is likely to affect the pace of recovery. Prolonged uncertainties surrounding global trade markets have affected the ability of companies to plan and make decisions. Volatile markets set amidst a dampened macroeconomic outlook has cast further uncertainty but could also bring potential benefits as disruption in supply chains have changed the way industrialists plan their storage patterns.

Opportunities for Growth

ESR-REIT has consistently demonstrated active leasing strategies and tenant management to drive value with a strong focus to maintain stable levels of occupancy above the industrial average. We have forged strong and productive relationships with tenants, enabling us to continuously engage them well ahead of expiries to manage vacancy risks.

Diversifying its sources of capital and strengthening its credit profile has also enabled ESR-REIT to better manage its risks. Active steps have been taken to guard against interest rate volatility, with close to 89.0% of the REIT's interest rate exposure fixed with a weighted average fixed debt expiry of 2.0 years. In this way, we are able to maintain financial flexibility to optimise investment opportunities when they arise to further create value for our investors.



MANAGING SHORT LAND LEASES >>

In Singapore, land tenures of most industrial properties are short at 30 years or less. While the shorter land leases have kept costs low for end-users, industrial REITs are facing constraints in managing valuation risks, leading to companies seeking acquisition of freehold or longer tenure opportunities overseas.

Opportunities for Growth

Overseas expansion provides an opportunity for geographical diversification and addresses ESR-REIT's underlying short land lease issue. Given ESR-REIT is backed by a strong developer sponsor, ESR Group, which has US\$26.5 billion in assets under management across 6 countries in Asia, the REIT is well-placed to capitalise on this growth trajectory.



SUSTAINABILITY IN A POST COVID-19 WORLD >>

The COVID-19 pandemic has brought to the fore some of the biggest challenges in the economy and real estate industry. To overcome these challenges, companies are gradually incorporating sustainable practices in their businesses, directing investments in green technology and infrastructure as they pivot towards a sustainable future. Frameworks have been introduced to guide firms as they move towards climate change actions and wider access to green finance ecosystems to achieve sustainable development goals by 2030.

Opportunities for Growth

ESR-REIT has refined its existing sustainability goals to ensure procedures and business continuity plans are in place for pandemic preparedness and resilience. It has also developed a new environmental policy that is in-line with requirements of GRESB and Building and Construction Authority ("BCA"). The REIT will focus on the adoption of the United Nations Sustainable Development Goals for FY2021.

About Our Sponsor

STRONG DEVELOPER SPONSOR

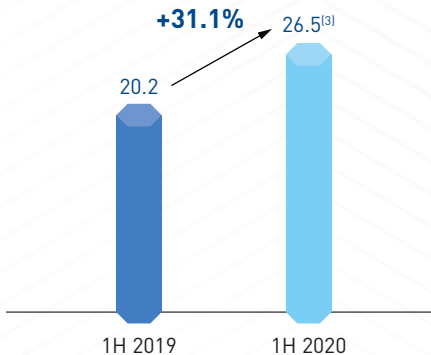
ESR Cayman Limited ("ESR") is the largest APAC focused logistics real estate platform by gross floor area ("GFA") and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including

OMERS, APG, SK Holdings, JD.com, CPP Investments, and PGGM. With over US\$26.5 billion⁽³⁾ in assets under management across 18.7 million sqm⁽³⁾ of real estate and land, ESR operates across the Asia Pacific region in China, Japan, South Korea, Singapore, Australia and India. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

#1 APAC FOCUSED LOGISTICS REAL ESTATE PLATFORM WITH TOP POSITIONS IN ITS RESPECTIVE MARKETS

AUM

(US\$ billion)



Over **18.7 million sqm GFA**

in operation and under development⁽¹⁾ >>

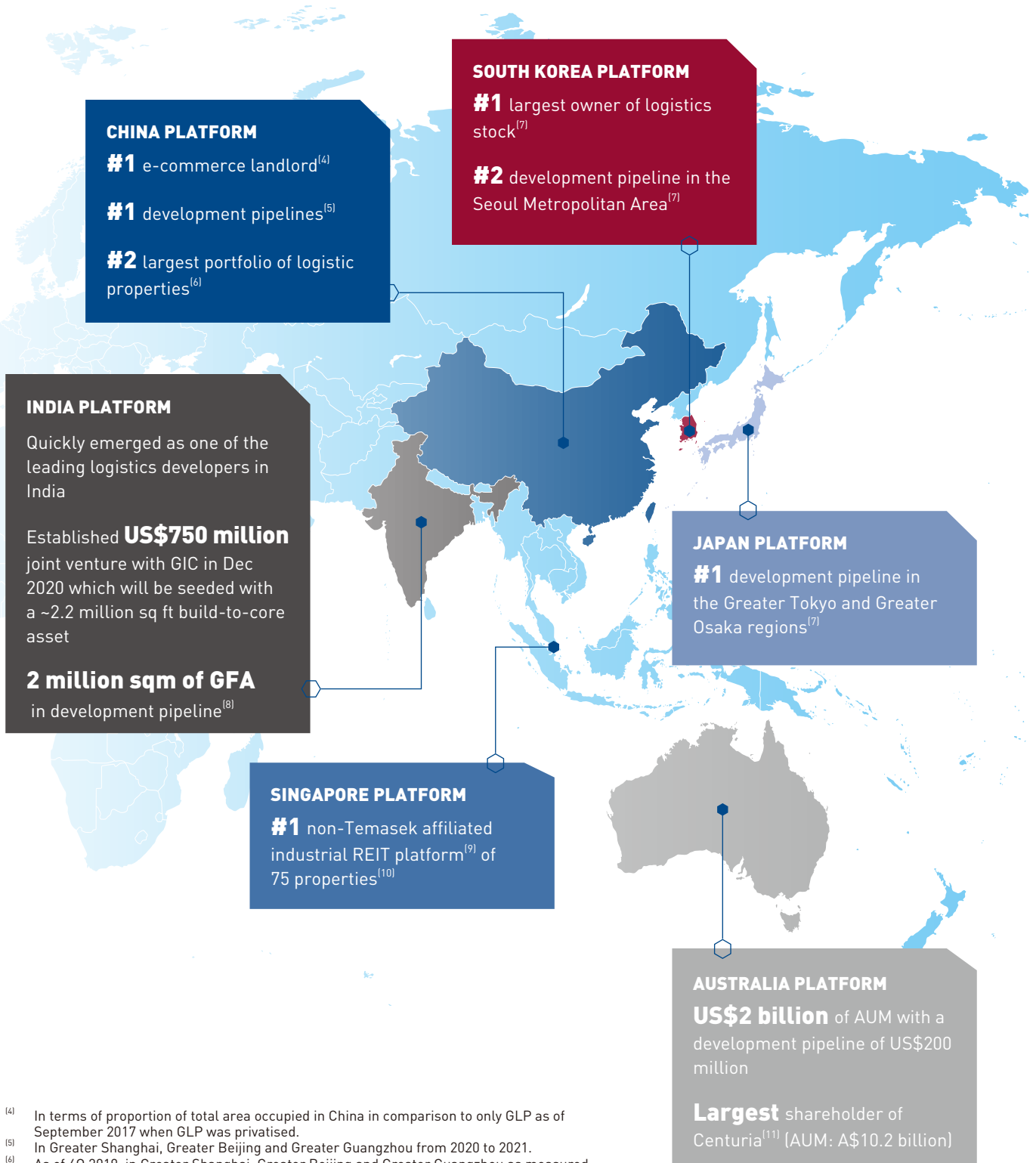
c.7.2 million sqm GFA

of development pipeline with MOUs⁽²⁾ signed across top tier markets with a high quality tenant base >>

⁽¹⁾ Consisting of approximately 10.6 million sqm of GFA of completed properties, approximately 4.3 million sqm of GFA of properties under construction and approximately 3.8 million sqm of GFA to be built on land held for future development as of 30 June 2020.

⁽²⁾ MOUs as of 31 July 2020.

⁽³⁾ As of 30 June 2020.



⁽⁴⁾ In terms of proportion of total area occupied in China in comparison to only GLP as of September 2017 when GLP was privatised.

⁽⁵⁾ In Greater Shanghai, Greater Beijing and Greater Guangzhou from 2020 to 2021.

⁽⁶⁾ As of 4Q 2019, in Greater Shanghai, Greater Beijing and Greater Guangzhou as measured by GFA.

⁽⁷⁾ By GFA from 2019 to 2020.

⁽⁸⁾ Development pipeline as of 30 June 2020.

⁽⁹⁾ In terms of number of assets.

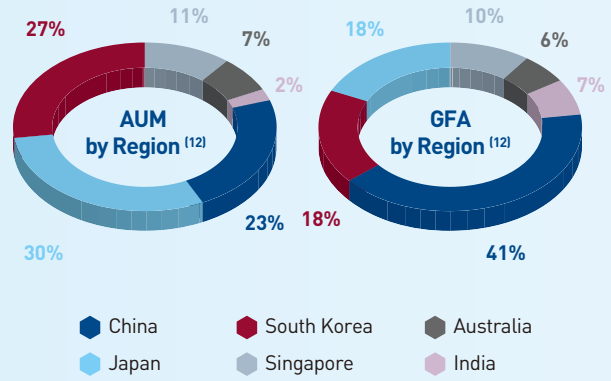
⁽¹⁰⁾ Including 57 properties in ESR REIT and 18 properties in Sabana REIT as of 31 December 2020.

⁽¹¹⁾ 17% stake in Centuria as of 31 December 2020.

About Our Sponsor

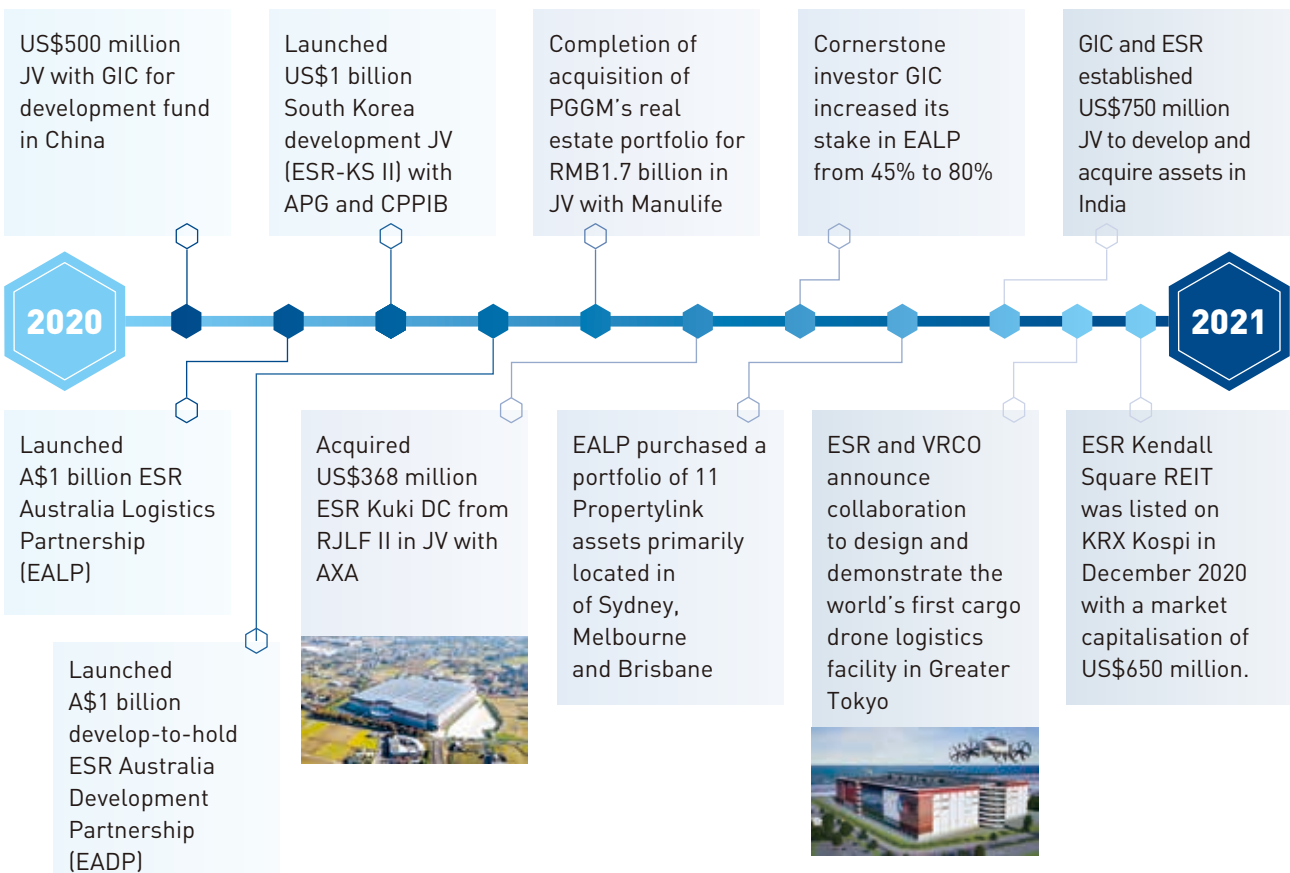


ESR Cayman is the Largest APAC Focused Logistic Real Estate Platform >>



Source: ESR Cayman company filings and company presentations

KEY MILESTONES IN 2020



¹²¹ GFA includes completed properties, properties under construction and GFA on land held for future development. AUM includes portfolio assets owned directly by ESR and portfolio assets held in the funds and investment vehicles, as of June 30, 2020.



ESR CAYMAN IS SUPPORTED BY A NETWORK OF QUALITY TENANTS

#1

Landlord of e-commerce companies in China⁽¹³⁾

91%

Portfolio occupancy⁽¹⁴⁾

26

Tenants lease multiple locations from ESR across APAC

39%

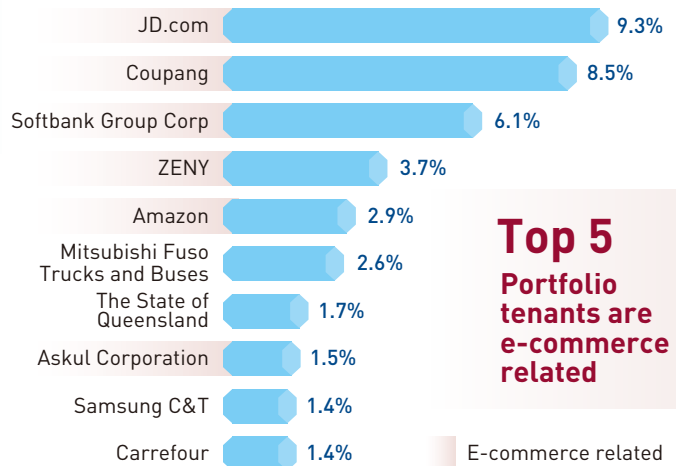
Revenue contributed by top 10 tenants⁽¹⁵⁾

Lease Profile by End User Industry⁽¹⁶⁾

E-commerce companies and 3PL providers **63%** of leased area

ESR is a major e-commerce landlord in China and across other key markets in Asia >>

Portfolio Top 10 Tenants by Income (%)⁽¹⁵⁾



Top 5
Portfolio tenants are e-commerce related

⁽¹³⁾ In terms of proportion of total area occupied in China in comparison to GLP as of September 2017 when GLP was privatised.

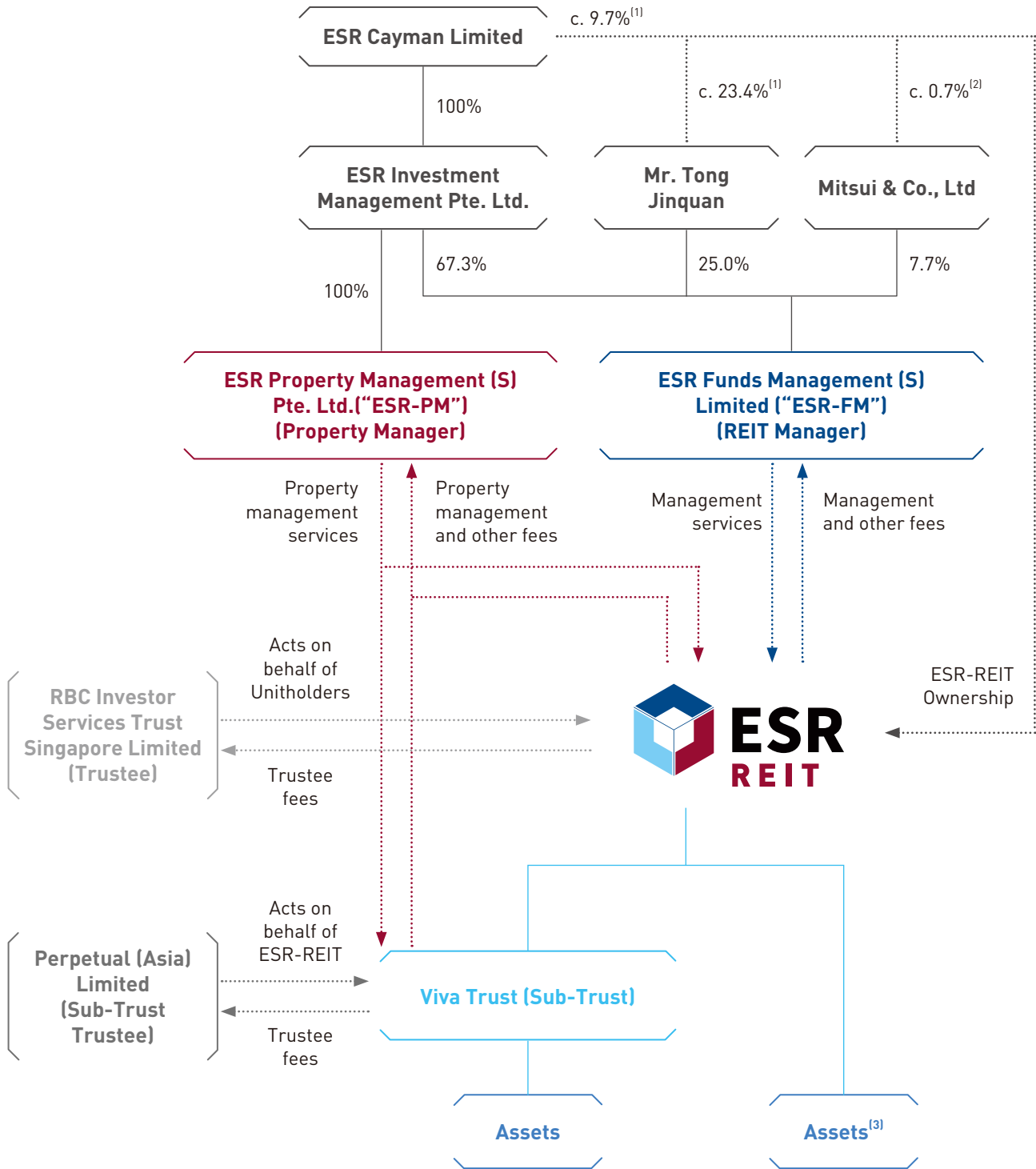
⁽¹⁴⁾ Based on assets on balance sheet and stabilised assets as of June 30, 2020

⁽¹⁵⁾ Based on income for 1H 2020.

⁽¹⁶⁾ In terms of leased area as of June 30, 2020

Source: ESR Cayman company filings and company presentations

Trust Structure



⁽¹⁾ Includes direct interests and deemed interests through holding entities in ESR-REIT. Figures as at 30 December 2020.

⁽²⁾ As at 30 December 2020.

⁽³⁾ Includes:

(a) 80% ownership of 7000 AMK LLP. Ho Lee Properties Pte Ltd owns the remaining 20%.

(b) 49% ownership of PTC Logistics Hub LLP. Poh Tiong Choon Logistics Limited owns the remaining 51%.

Organisation Structure



Board of Directors



1 MR. OOI ENG PENG

Independent Chairman



2 MR. KHOR UN-HUN

Independent Non-Executive Director



3 DR. LEONG HORN KEE

Independent Non-Executive Director



4 MR. RONALD LIM

Independent Non-Executive Director



5 MS. STEFANIE YUEN THIO

Independent Non-Executive Director



6 MR. WILSON ANG

Non-Executive Director



7 MR. PHILIP PEARCE

Non-Executive Director



8 MR. JEFFREY PERLMAN

Non-Executive Director



9 MR. TONG JINQUAN

Non-Executive Director



10 MR. ADRIAN CHUI

Chief Executive Officer and Executive Director

1

MR. OOI ENG PENG, 64*Independent Chairman*

Date of appointment as Director:

27 July 2012

Length of service as a director (as at 28 February 2021):

8 years 7 months**BOARD COMMITTEES SERVED ON:**

- Nominating and Remuneration Committee (Chairman)
- Executive Committee (Chairman)
- Audit, Risk Management and Compliance Committee (Member)

DESCRIPTION:

Mr. Ooi has over 33 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 Chief Financial Officer ("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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Commerce, University of New South Wales, Australia
- Member of the Certified Practising Accountants of Australia

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

Nil

Principal Commitments⁽²⁾

- ESR-MTN Pte. Ltd.
- ESR-SPV2 Pte. Ltd.
- Savant Global Capital Pty Ltd

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Keppel REIT (Australia) Management Limited
- Perennial Real Estate Holdings Limited

2

MR. KHOR UN-HUN, 51*Independent Non-Executive Director*

Date of appointment as Director:

6 June 2020

Length of service as a director (as at 28 February 2021):

8 months**BOARD COMMITTEES SERVED ON:**

- Audit, Risk Management and Compliance Committee (Chairman)

DESCRIPTION:

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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Degree of Bachelor of Accountancy (First Class Honours), Nanyang Technological University, Singapore
- Chartered Financial Analyst, Association of Investment Management and Research

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

Nil

Principal Commitments⁽²⁾

- National Library Board

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

Nil

⁽¹⁾ Present (as at 31 December 2020) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020).

⁽²⁾ The term "principal commitments" shall include all commitments which involve significant time commitments such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not be normally be considered principal commitments.

Board of Directors

3

DR. LEONG HORN KEE, 69

Independent Non-Executive Director

Date of Appointment as Director:

8 January 2019

Length of service as a Director (as at 28 February 2021):

2 years 1 month

BOARD COMMITTEES SERVED ON:

- Audit, Risk Management and Compliance Committee (Member)

DESCRIPTION:

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 Chief Executive Officer of Yeo Hiap Seng Ltd, and Executive Director of Far East Organization, where he was closely involved in 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. He is currently the Non-Resident High Commissioner to Cyprus since July 2014 and Non-Resident Ambassador to Argentina since September 2020.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Production Engineering (First Class Honours), Loughborough University
- Bachelor of Science (Economics), University of London
- Bachelor of Arts in Chinese Language and Literature, Beijing Normal University
- Master of Business Administration, INSEAD
- Master of Business (Research), University of Western Australia
- Doctor of Business Administration, University of Western Australia

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:

Listed Companies

- SPH REIT Management Pte. Ltd. (Manager of SPH REIT)
- CSC Holdings Limited
- IGG Inc.

Principal Commitments⁽²⁾

- CapitalCorp Ventures Pte Ltd

Major Appointment (other than Directorship)

- Non-Resident High Commissioner to Cyprus
- Singapore Ambassador to Argentina

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Tat Hong Holdings Ltd
- Viva Industrial Trust Management Pte. Ltd. (Manager of Viva Trust)

4

MR. RONALD LIM, 74

Independent Non-Executive Director

Date of Appointment as Director:

8 January 2019

Length of service as a Director (as at 28 February 2021):

2 year 1 month

BOARD COMMITTEES SERVED ON:

- Audit, Risk Management and Compliance Committee (Member)
- Nominating and Remuneration Committee (Member)

DESCRIPTION:

Mr. Ronald Lim has more than 36 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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Social Science, University of Singapore (currently known as the National University of Singapore)

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:

Listed Companies

- Hiap Hoe Limited

Principal Commitments⁽²⁾

- The HEAD Foundation Limited

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Viva Industrial Trust Management Pte. Ltd. (Manager of Viva Trust)

⁽¹⁾ Present (as at 31 December 2020) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020).

⁽²⁾ The term "principal commitments" shall include all commitments which involve significant time commitments such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not be normally be considered principal commitments.

5

MS. STEFANIE YUEN THIO, 51*Independent Non-Executive Director*

Date of appointment as Director:

29 March 2019

Length of service as a director (as at 28 February 2021):

1 year 10 months**BOARD COMMITTEES SERVED ON:**

- Audit, Risk Management and Compliance Committee (Member)

DESCRIPTION:

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. Stefanie is a director of the Community Foundation of Singapore, an Institution of Public Character that promotes philanthropy in Singapore.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Law, National University of Singapore
- Advocate and Solicitor of The Supreme Court of Singapore

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

- ARA Trust Management (USH) Pte. Ltd. and ARA Business Trust Management (USH) Pte. Ltd., the managers of ARA US Hospitality Trust, where she also chairs the Audit Committee
- Singapore Medical Group Limited

Principal Commitments⁽²⁾

- TSMP Law Corporation

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- ARA Trust Management (Cache) Limited (Manager of Cache Logistics Trust)

6

MR. WILSON ANG, 55*Non-Executive Director*

Date of Appointment as Director:

8 January 2019

Length of service as a Director (as at 28 February 2021):

2 year 2 months**BOARD COMMITTEES SERVED ON:**

Nil

DESCRIPTION:

Mr. Ang has extensive experience in real estate investment trust management, industrial property investment and consultancy services. He is currently 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. He co-founded Viva Industrial Trust Management Pte. Ltd. ("VITM"), the manager of Viva Industrial Trust ("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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science (Estate Management) (Honours), National University of Singapore.

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

Nil

Principal Commitments⁽²⁾

- OT Group Pte. Ltd.

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Viva Industrial Trust Management Pte. Ltd. (Manager of Viva Trust)

⁽¹⁾ Present (as at 31 December 2020) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020).

⁽²⁾ The term "principal commitments" shall include all commitments which involve significant time commitments such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not be normally be considered principal commitments.

Board of Directors

7

MR. PHILIP PEARCE, 53

Non-Executive Director

Date of appointment as Director:

5 April 2017

Length of service as a director (as at 28 February 2021):

3 years 10 months

BOARD COMMITTEES SERVED ON:

- Executive Committee (Member)

DESCRIPTION:

Mr. Pearce has extensive real estate experience in the Asia Pacific Region. He is currently the CEO of ESR Australia where he has been responsible for the establishment of the Group's Australian 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 until July 2016.

Mr. Pearce was seconded to Ascendas-MGM Pte Ltd the manager of Ascendas Real Estate Investment Trust 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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Commerce (Land Economy), Western Sydney University, Australia
- Graduate Diploma in Applied Finance, Australian Securities Institute
- Member of the Australian Institute of Company Directors

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:

Listed Companies

Nil

Principal Commitments⁽²⁾

- ESR Real Estate (Australia) Pty Ltd

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Propertylink Group which was listed until 26 April 2019

8

MR. JEFFREY DAVID PERLMAN, 37

Non-Executive Director

Date of appointment as Director:

18 January 2017

Length of service as a director (as at 28 February 2021):

4 years 1 month

BOARD COMMITTEES SERVED ON:

- Nominating and Remuneration Committee (Member)
- Executive Committee (Member)

DESCRIPTION:

Jeffrey 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 Asia-Pacific 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 Cayman Limited (1821.HK) and also serves on the Board of Directors for ESR Cayman Limited, ESR Funds Management (ESR REIT), 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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Business Administration (BBA) from the Ross School of Business, University of Michigan

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:

Listed Companies

- ESR Cayman Limited
- Circles Asia Cayman Limited

Other Principal Commitments⁽²⁾

- Anchilles Systems Pte. Ltd.
- ARA Asset Management Holdings Pte Ltd (previously known as 'Athena Investment Company (Singapore) Pte Limited')
- BW Industrial Development Joint Stock Company
- Cubic City Service Apartment Group Holdings Limited (also known as 'Mofang Apartments', previously known as Cubic City (China) Service Apartment Group Holdings Limited)
- Circles Asia Cayman Limited
- ESR Cayman Limited
- Lodgis Investments Ltd (became the holding company of Lodgis Hospitality Holdings Private Limited as of 8 March 2019)
- Nova Property Investment Co., Ltd.
- Online Mobile Services Joint Stock Company
- PT Nirvana Wastu Pratama
- PT Aplikasi Karya Anak Bangsa (also known as 'GO-JEK')
- Princeton Digital Group Limited
- Staurolite Gem Holdings Ltd
- Trax Technology Solutions Pte Ltd
- Weave Co-Living Cayman Limited

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Vincom Retail Joint Stock Company (Resigned as of 8 July 2019)

⁽¹⁾ Present (as at 31 December 2020) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020).

⁽²⁾ The term "principal commitments" shall include all commitments which involve significant time commitments such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not be normally be considered principal commitments.

9

MR. TONG JINQUAN, 65*Non-Executive Director*

Date of Appointment as Director:

8 January 2019

Length of service as a Director (as at 28 February 2021):

2 years 1 month**BOARD COMMITTEES SERVED ON:**

Nil

DESCRIPTION:

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 Summit Group in 1994, Mr. Tong has been responsible for overseeing the growth of Summit Group, which holds and operates commercial properties such as hotels, serviced apartments, office buildings and a shopping mall in Shanghai, Shenyang and Chengdu.

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

- New Century Asset Management Limited
(Manager of New Century Real Estate Investment Trust)

Principal Commitments⁽²⁾

- Shanghai Summit (Group) Co., Ltd
- Shanghai Changfeng Real Estate Development Co., Ltd.
- Shanghai Summit Pte. Ltd.

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

- Viva Industrial Trust Management Pte. Ltd. (Manager of Viva Trust)
- IREIT Global Group Pte. Ltd. (Manager of IREIT Global)

10

MR. ADRIAN CHUI, 45*Chief Executive Officer and Executive Director*

Date of Appointment as Director:

24 March 2017

Length of service as a Director (as at 28 February 2021):

3 year 11 months**BOARD COMMITTEES SERVED ON:**

Executive Committee (Member)

DESCRIPTION:

Prior to joining the Manager, Mr. Chui ran the South East Asia real estate advisory division of Standard Chartered Bank ("SCB"). His overall responsibilities at SCB included structuring, fundamental analysis and approval of acquisition financing for real estate companies/REITs/Business Trusts, valuation and execution advice for mergers and acquisitions, as well as structuring, execution and investment case positioning and strategies of REIT Initial Public Offerings ("IPOs") and follow-on offerings of equity, equity-linked and debt securities across all real estate segments.

Before SCB, Mr. Chui was the Director of Real Estate, Lodging and Leisure Group at UBS Investment Bank's Singapore office, where he headed a team involved in structuring and listing of Singapore and cross-border REITs/Business Trusts and property company IPOs for Southeast Asia. His past work experience also includes a stint at 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.

ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Business, Nanyang Technological University, Singapore

PRESENT DIRECTORSHIPS/CHAIRMANSHIPS⁽¹⁾:**Listed Companies**

Nil

Principal Commitments⁽²⁾

- 7000 AMK LLP
- PTC Logistics Hub LLP

PAST DIRECTORSHIPS/CHAIRMANSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS⁽¹⁾:

Nil

⁽¹⁾ Present (as at 31 December 2020) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020).

⁽²⁾ The term "principal commitments" shall include all commitments which involve significant time commitments such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not be normally be considered principal commitments.

Senior Management



MS. LOY YORK YING

Head of Compliance and Risk Management

MR. ADRIAN CHUI

Chief Executive Officer and Executive Director

MS. IRENE PHUA

Head of Human Resources and Corporate Services

MS. NANCY TAN

Head of Real Estate

MR. STEVEN LEOW

Head of Property Services

MR. LAWRENCE CHAN

Chief Financial Officer

MS. CHARLENE-JAYNE CHANG

Head of Capital Markets and Investor Relations

MR. LAWRENCE CHAN*Chief Financial Officer*

Mr. Lawrence Chan joined the Manager in November 2018 as Chief Financial Officer. He reports to the CEO and oversees all finance functions of the Trust and the Manager.

Mr. Chan has more than 20 years of experience in audit, accounting and finance-related work. Prior to joining the Manager, Mr. Chan was the Chief Financial Officer 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. CHARLENE-JAYNE CHANG*Head of Capital Markets and Investor Relations*

Ms. Chang joined the 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 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 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.

MS. NANCY TAN*Head of Real Estate*

Ms. Tan joined the Manager in February 2009 and was appointed as Head of Real Estate in February 2011. She reports to the CEO and formulates strategic plans to maximise the returns of ESR-REIT's assets. She oversees the investments, asset management, property management and leasing departments. She has over 22 years of experience in the real estate and asset management industry in Singapore.

Prior to joining the 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. LOY YORK YING*Head of Compliance and Risk Management*

Ms. Loy joined the 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 Trust, the Manager and all other related companies of the Manager. She has over 16 years of experience in regulatory and compliance requirements in the financial services industry.

Prior to joining the 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

Singapore branch. Prior to that, she also managed portfolio and provided financial advisory services to high net-worth individuals with DBS Bank Ltd and UOB Ltd.

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*Head of Human Resources and Corporate Services*

Ms. Phua joined the 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 the Trust and the Manager.

Ms. Phua has more than 20 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 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.

MR. STEVEN LEOW*Head of Property Services*

Mr. Leow joined the Manager in April 2018 as Head of Property Services. He reports to the CEO and oversees the property management functions where he is responsible for optimizing the performance of the Trust's properties under his charge. Mr. Leow has more than 27 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.

Mr. Leow graduated from University of Derby with a Bachelor of Arts in Business Management.

Property Management Team



MS. PANG AI KIM

Senior Property Manager

MR. JASON TENG

Property Manager

MR. KOH TIONG ANN

Property Manager

MR. DARREN ANG

Senior Manager, Leasing

MS. ONG LAY PENG

Assistant Vice President

MR. SIM THIAM MENG

General Manager, Projects

MR. STEVEN LEOW

Head of Property Services

MR. ANDY YAP

Property Manager



PROPERTY MANAGER

Comprising an experienced team of professionals, ESR-REIT's property manager, ESR Property Management (S) Pte. Ltd ("ESRPM"), is responsible for providing proactive and professional property management services to ESR-REIT's tenants and customers. Collectively, the team provides expertise in the managing of operational matters such as the marketing of space, property management and maintenance, supervision of the performance of contractors and ensuring that all building and safety regulations are complied.



LEASING AND MARKETING

The Leasing and Marketing team is responsible for the leasing and marketing of available space within ESR-REIT's portfolio of properties. This is carried out through direct prospects or in partnership with property consultants. The team also focuses on developing solutions to attract and retain tenants. In addition, the team also works closely with tenants to organise events and related activities to encourage vibrant and dynamic live-work-play environments at ESR-REIT properties.



PROPERTY MANAGEMENT SERVICES

The Property Management Services team focuses on procuring and managing property service contracts, managing site staff and providing on-site services to tenants, to ensure optimal levels of service and customer care are implemented across all ESR-REIT properties. The team also works closely with the Manager's Asset Management team to ensure property specifications and service levels are aligned with the market positioning of each property.



PROJECT MANAGEMENT

The Project Management team works closely with external professionals to project manage redevelopment and asset enhancement initiatives, ensuring that each project is carried out in a timely and efficient manner. The project management team also carries out regular audits of energy and water consumption at the various properties to identify opportunities for more efficient management.

Always taking a long-term view,
ESR-REIT's strategic thrust allows us to deliver a
sustainable operational performance and organic
growth founded on a growing portfolio



Tenant Retention

84.6%

Weighted Average
Lease Expiry of

3.0 Years

Total Lease Renewals
and New Leases

3.87m sqft

UE BizHub EAST
(Business Park)



PERFORMANCE



Operations Review



We seek to actively optimise the portfolio and enhance its performance to stay ahead of industry trends and become future-ready »

ACTIVELY CREATE VALUE FOR UNITHOLDERS

Tenant demand for space in ESR-REIT's strategic locations continued to grow due to ongoing changes in society and consumer behaviour brought about by COVID-19. These changes accelerated during the pandemic, as logistics and warehousing provided critical infrastructure for stockpiling and distribution of essential goods, and more consumers shifted to online shopping. Over the medium-to-long term, we expect significant opportunities to arise across our S\$3.1 billion⁽¹⁾ portfolio. This should facilitate the conversion of properties to higher yielding industrial sub-sectors such as high-specs industrials and ramp-up logistics facilities.

During FY2020, the Manager has unlocked value through enhancement initiatives for UE BizHub EAST ("UEBH") and 19 Tai Seng Avenue to position the portfolio to meet the evolving business needs of industrialists.

Ongoing Asset Enhancement Initiatives

In 2020, the Manager announced that 19 Tai Seng Avenue will be undergoing rejuvenation works to convert the building from a general industrial to a high-specs property

to cater to a greater variety of high-tech tenants. When completed, 19 Tai Seng Avenue is expected to deliver an estimated yield-on-cost of approximately 7% to 9% on a stabilised basis. The proposed scope of work includes improving the accessibility and tenant experience of the property with an enhancement of the main lobby and public areas. In addition, mechanical and electrical components such as the air-conditioning system will be upgraded. The building façade will be given a facelift to achieve a sleek and contemporary look.

AEI works are carried out at UE BizHub EAST to enhance business traffic, revitalise the property and improve arrival experience with a refreshed retail and F&B environment to cater to the diverse needs and lifestyle preferences of the working population in UEBH. Offering a city-lifestyle experience for the working crowd, the AEI will provide a more conducive retail and office environment and reinforce UEBH's position as Singapore's leading business park in the East. The rejuvenated UEBH is envisaged as the preferred destination for companies given its vantage position in the heart of Changi Business Park. AEI has progressed to the final stages and is on track to complete in 1Q2021.

⁽¹⁾ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% 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. Valuation as at 31 December 2020.

Upcoming Asset Enhancement Initiatives

ESR-REIT will continue to focus on organic growth initiatives by rejuvenating its assets to position them to stay relevant to industrialists' space needs. Upcoming AEs in FY2021 include (i) S\$60 million to S\$70 million of identified enhancement works and (ii) the development of a multi-tenanted high-specifications building at 7000 Ang Mo Kio Avenue 5 suitable for advanced manufacturing, info-comm and data centre tenants. The AEI is expected to commence as soon as regulatory approval is granted and is targeted to complete in 18 to 24 months after commencement.

These enhancement initiatives are aimed at rejuvenating the existing portfolio to capture value and deliver growth in net asset value as well as to increase the attractiveness and efficiency of its assets to attract high value tenants.

Divestment Activity

ESR-REIT intends to divest up to S\$50 million of non-core assets, in line with its portfolio reconstitution strategy to improve portfolio quality and re-deploy the sale proceeds to pare down debt and/or fund AEs and asset acquisitions.

QUALITY PORTFOLIO HOME TO COMPANIES FROM DIVERSE SECTORS

ESR-REIT delivered a stable FY2020 performance. While COVID-19 brought about certain challenges, it also accelerated key changes that are well aligned with ESR-REIT's strategic direction and that of our tenants. During the year, tenant demand for our well-located industrial properties translated into more leasing activity, stable occupancy, and ultimately delivered steady returns across our business.

As at 31 December 2020, ESR-REIT holds interests in 57 properties, each located in key industrial clusters across Singapore, with an aggregate gross floor area of approximately 15.1 million sqft. The properties have an aggregate value of S\$3.1 billion⁽¹⁾ as at 31 December 2020.

Key Portfolio Statistics

	As at 31 December 2020	As at 31 December 2019	Variance (%)
Number of Properties	57	57	—
Gross Floor Area (million sqft)	15.1	15.1	—
Net Lettable Area (million sqft)	13.4	13.5	-0.7
Portfolio Valuation ⁽¹⁾ (S\$ million)	3,113.4	3,159.4	-1.5
Occupancy (%)	91.0	90.5	+0.5

Portfolio Occupancy

Portfolio occupancy remains stable at 91.0% as at 31 December 2020, consistently above JTC average of 89.9% in FY2020. FY2020 occupancy also increased marginally from 90.5% in FY2019.

	1Q2020	2Q2020	3Q2020	4Q2020
Occupancy (%)	90.5	91.1	90.8	91.0
JTC Average (%)	89.2	89.4	89.6	89.9

OUR PROACTIVE LEASING APPROACH

We are always looking for new ways to help businesses grow. Working in tandem with our tenants, we seek out innovative solutions to fulfil their space needs. Our commitment to our tenants runs deep, and we continue to challenge ourselves to go above and beyond in our service, thus maintaining strong tenant customer relationships.

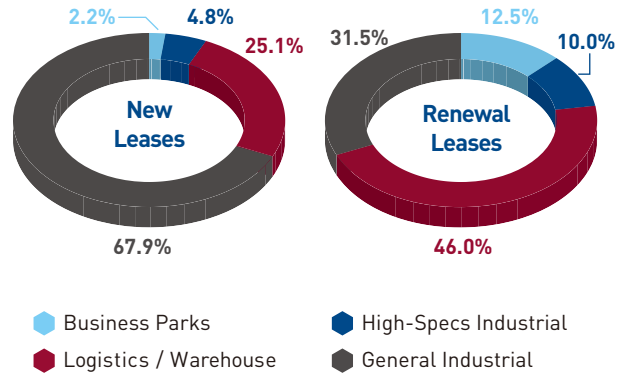
During the pandemic, our leasing team quickly adapted to the new operating environment while supporting certain tenants who were experiencing financial distress. With many people working from home and rising demand for e-commerce and technology, so did tenants' demand for well-located space in our portfolio. Increased leasing activity has led to strong new and renewal figures during FY2020.

ESR-REIT has a tenant base of 343 quality tenants with over 50% providing essential services. New tenants during the year include established logistics players and precision engineering companies such as Pacific Logistics Group, Kerry Logistics and PSB Technologies Pte. Ltd..

Operations Review

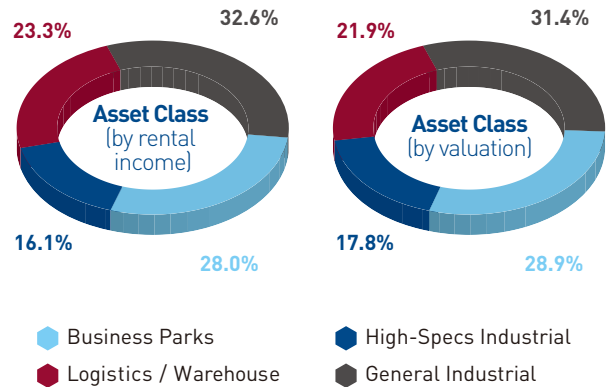
Breakdown of renewals and new leases for FY2020

Despite lingering COVID-19 uncertainties, the Manager continues to attract new tenants. Approximately 3.87 million sqft of prime industrial space were leased out during FY2020, of which new leases amounted to 1.65 million sqft while renewals accounted for 2.22 million sqft of space in the portfolio. A total of 165 leases were signed in FY2020 (FY2019: 144). The Manager will focus on tenant retention to maintain a stable portfolio occupancy against the backdrop of uncertain macroeconomic conditions. The average rental reversion for new and renewal leases was -0.6%.



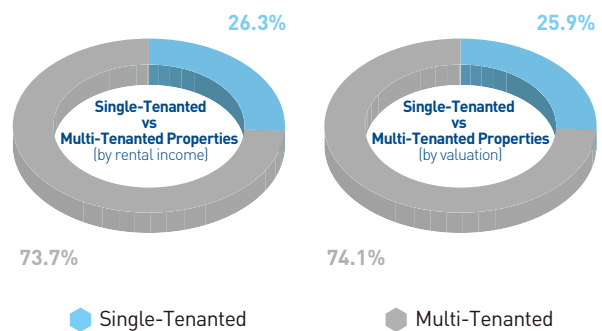
Well-Diversified Portfolio (by rental income and valuation)

ESR-REIT continues to own and manage a range of industrial properties, comprising Business Parks, High-Specs Industrial, Logistics/Warehouse and General Industrial. Collectively, high-specs industrial and business parks account for 44.1% of the portfolio by rental income and 46.7% by valuation. 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 high-specs space. With limited potential supply, ESR-REIT is well-positioned to capture the growing demand in High-Specs Industrial and Business Parks classes. The Manager will proactively manage its portfolio to scale up its proportion in asset classes that command higher rental.



Breakdown of Single-tenanted and Multi-tenanted Buildings (by rental income and valuation)

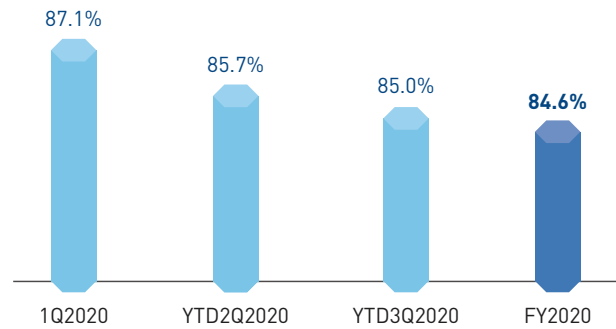
The Manager aims to achieve a healthy mix of multi-tenanted buildings ("MTB") and single-tenanted buildings ("STB") in the portfolio through proactive asset and lease management. MTB provides tenant diversification while STB, with longer leases and built-in rental escalations provides income stability. Proactive portfolio conversion over the years has increased ESR-REIT's exposure to MTBs and STBs, each constituting 73.7% and 26.3% of the portfolio respectively based on rental income as at 31 December 2020. The portfolio is well-positioned to capture potential rental upside in the post COVID-19 recovery. Based on valuation, 25.9% of the portfolio constitutes STB while MTB makes up the remaining at 74.1%.



Tenant Retention Rate

ESR-REIT achieved a tenant retention rate of 84.6% in FY2020 as compared to 69.6% in FY2019. Larger retained tenants include C&W Services Pte. Ltd., GKE Warehousing & Logistics Pte Ltd and Jurong Districentre Pte. Ltd. This is a testament to our strong relationship with our tenants as well as proactive lease management to produce income resilience across our portfolio while striving to remain aligned to market trends.

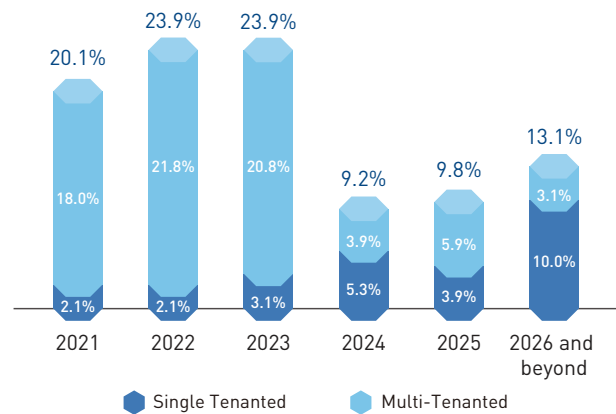
Tenant Retention Rate (%)



Portfolio Lease Expiry Profile

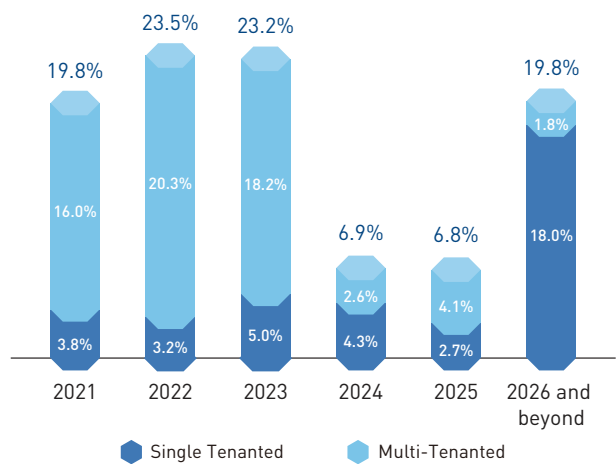
In line with its proactive leasing strategy, the Manager has consistently engaged its tenants well ahead of lease expiries to manage vacancy risk. As at 31 December 2020, the lease expiry profile for ESR-REIT remained well-balanced with a portfolio weighted average lease expiry (by rental income) of 3.0 years. For new and renewed leases in FY2020, the weighted average lease expiries (by rental income) based on the date of lease commencement are 2.3 years and 2.3 years respectively and accounts for 9.5% and 12.1% of committed rental income as at 31 December 2020. No more than 23.9% and 23.5% of the portfolio's total leases by rental income and net leasable area respectively will expire in any year over the next five years.

**Portfolio Lease Expiry Profile
(% of Rental Income)**



ESR-REIT's leases have either marked-to-market rent reviews at fixed periods or include annual rental escalations throughout the lease term. Some leases are also on a triple-net basis where tenants are responsible for property expenses such as property tax, land rent, insurance and maintenance. For multi-tenanted buildings, lease terms are shorter, depending on JTC's approval.

**Portfolio Lease Expiry Profile
(% of Net Lettable Area)**



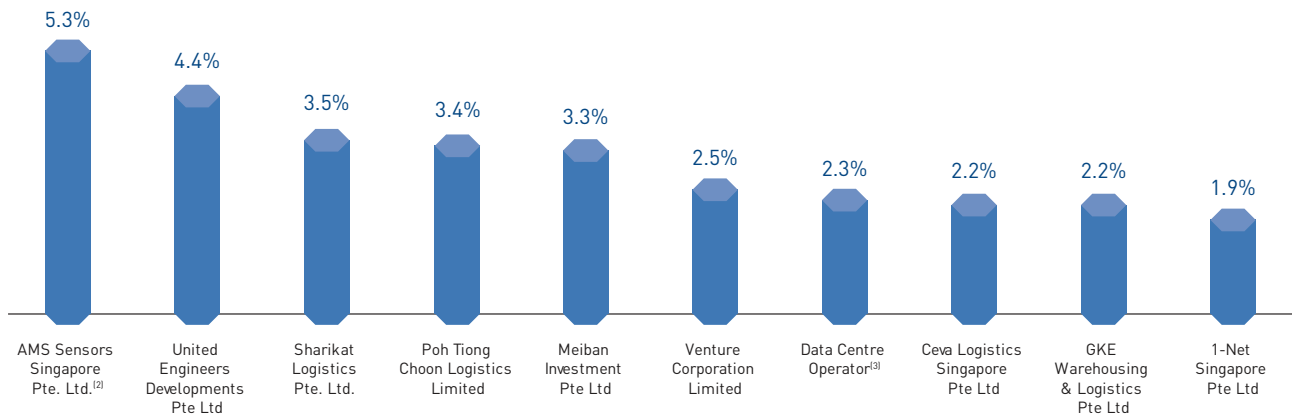
Operations Review

Top 10 Tenants

ESR-REIT's rental income is well-spread across its portfolio of 343 tenants. The top 10 tenants account for 31.0% by rental income and 27.9% by net leasable area. As at 31 December 2020, no single tenant contributed

more than 5.3% of the portfolio's total rental income. The Manager will continue to diversify its tenant mix across trade sectors to mitigate concentration risk and enhance portfolio resilience.

Top 10 Tenants (% of Rental Income)

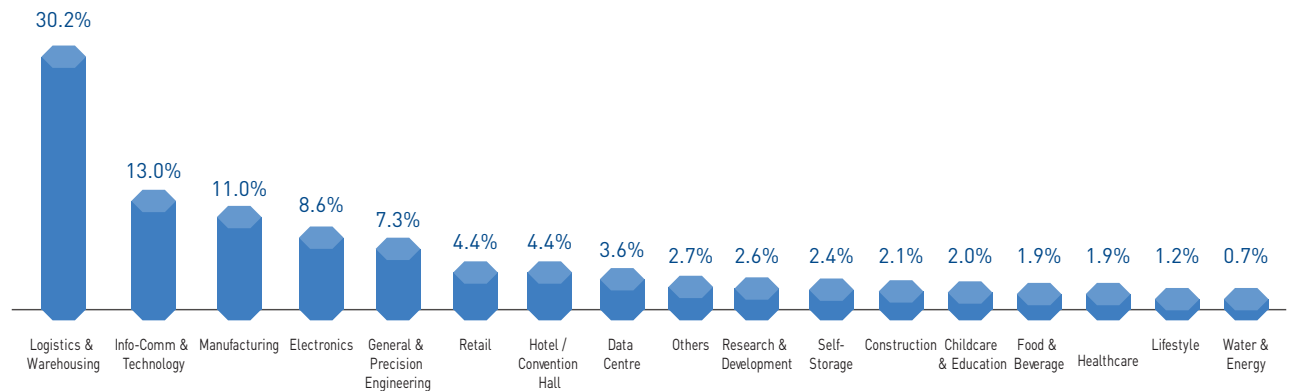


Trade Sector Analysis

ESR-REIT's portfolio is well-diversified across various industries including logistics & warehousing, info-comm & technology, manufacturing, electronics, general & precision engineering etc. As at 31 December 2020, logistics and warehousing remained the largest contributor to rental income at 30.2% of the total portfolio. Info-Comm & Technology remained the second largest

contributor to portfolio rental income at 13.0% while manufacturing makes up 11.0% of portfolio rental income. Collectively, the top three largest trade sectors made up roughly 54.2%. No individual trade sector accounted for more than 30.2% of the portfolio rental income.

Breakdown of Trade Sectors (By Rental Income)



Valuation of Portfolio

It is a mandatory requirement to engage an independent valuer to value the portfolio at least once in each year. However, ESR-REIT conducted two independent valuation of its portfolio in FY2020. The methodologies employed in the independent valuations include the direct comparison method, capitalisation approach and discounted cash flow analysis.

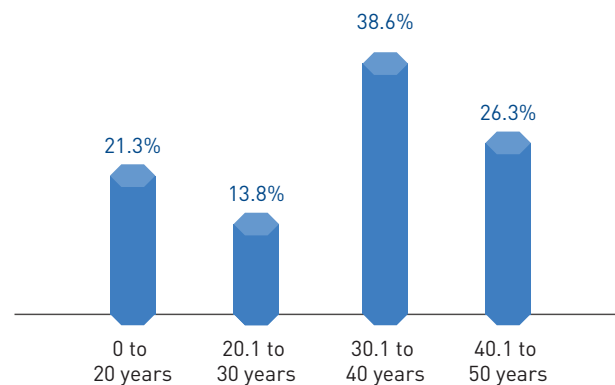
As at 30 June 2020, the total valuation of ESR-REIT's 57 properties was S\$3.1 billion⁽¹⁾. Independent valuations were conducted by Savills Valuation and Professional Services (S) Pte Ltd, CBRE Pte Ltd and Knight Frank Pte Ltd. Several existing properties within the portfolio registered a slight depreciation in revaluation against their valuation as at 31 December 2019 mainly due to shorter remaining land tenure, conversion from single tenancy to multi-tenancies, and the effects of the COVID-19 pandemic on the market rental rate and market rental growth assumptions.

Independent valuations as at 31 December 2020 were largely stable with several existing properties within the portfolio registering a slight depreciation in revaluation against their valuation as at 30 June 2020 mainly due to shorter remaining land tenure and changes in the market

rental rate and market rental growth assumptions. Knight Frank Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. conducted the year-end independent valuations.

As at 31 December 2020, the weighted average land lease expiry of ESR-REIT's portfolio was 31.6 years (by valuation), down from 32.3 years a year ago.

Land Lease Expiry Profile (by valuation)



Land Lease Expiry Profile (by asset class)

Land Tenure Expiry	Business Park		High-Specifications Industrial		Logistics & Warehouse		General Industrial		Total	
	No of Properties	Asset Value (S\$mil)	No of Properties	Asset Value (S\$mil)	No of Properties	Asset Value (S\$mil)	No of Properties	Asset Value (S\$mil)	No of Properties	Asset Value ⁽¹⁾ (S\$mil)
0 to 20 years	1	278.2	—	—	4	162.1	9	184.0	14	624.3
20.1 to 30 years	—	—	2	84.1	3	302.7	2	19.9	7	406.7
30.1 to 40 years	1	32.0	3	306.9	4	178.1	20	618.5	28	1,135.5
40.1 to 50 years	1	538.0	3	131.8	—	—	4	102.3	8	772.1
Total									57	2,938.6

⁽¹⁾ Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

Financial Review

Statement of Net Income and Distribution	FY2020 S\$'000	FY2019 S\$'000	Fav/(Unfav) %
Gross Revenue	229,924	253,044	(9.1)
Property Expenses	(65,717)	(65,114)	(0.9)
Net Property Income ("NPI")	164,207	187,930	(12.6)
Manager's Fees	(14,639)	(14,926)	1.9
Trust Expenses	(8,653)	(2,578)	(235.6)
Interest Income	17	15	13.3
Borrowing Costs	(45,246)	(51,161)	11.6
Finance Costs on Lease Liabilities for Leasehold Land	(11,575)	(10,799)	(7.2)
Net Income	84,111	108,481	(22.5)
Distributable Income	99,127	116,466	(14.9)
Distribution from Other Gains	—	16,100	n.m.
Total Distribution to Unitholders	99,127	132,566	(25.2)
Distribution per unit ("DPU") (cents)	2.800	4.011	(30.2)
Core DPU (cents)⁽¹⁾	2.800	3.529	(20.7)

n.m.-not meaningful

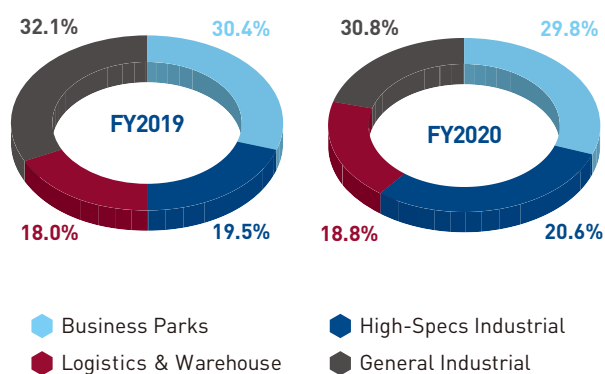
The rapid outbreak of COVID-19 since the start of 2020 has brought about an unprecedented global economic situation which is unique in its severity. The pandemic, posing significant challenges in the operating environment, remains highly uncertain in terms of the length and depth of its economic impact. Many countries closed their borders and went into lockdown to stem the spread of the virus. The Singapore Government enforced a nation-wide lockdown (the "Circuit Breaker") from 7 April 2020 to 1 June 2020 and imposed travel restrictions to minimise the further spread of COVID-19. Singapore's economy saw its worst performance during the Circuit Breaker with GDP having contracted to -13.2% on a year-on-year basis in 2Q2020.⁽²⁾

Since the onset of the pandemic, ESR-REIT's cash position has remained stable. During the year, the Manager implemented cost-saving measures on operating expenses and deferred all non-essential capital expenditures to conserve cash, where possible.

Gross Revenue

Gross Revenue for FY2020 was S\$229.9 million, a decrease of S\$23.1 million or 9.1% from FY2019. The decline in Gross Revenue was mainly attributable to the lease conversion from single to multi-tenancy for a number of properties. Non-renewals and downsizing by some tenants, and the provision of rental rebates to tenants adversely affected by the challenging conditions brought about by COVID-19, as well as under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020 also impacted Gross Revenue.

Gross Revenue by Asset Class (%)



⁽¹⁾ Refers to Distributable Income per Unit.

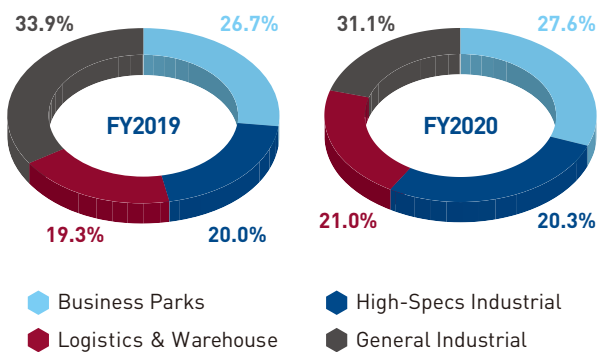
⁽²⁾ Information obtained from the Economic Survey of Singapore Second Quarter 2020 from the Ministry of Trade and Industry released in August 2020.

Net Property Income

NPI for FY2020 was S\$164.2 million, a decrease of S\$23.7 million or 12.6% from FY2019 mainly due to lower Gross Revenue as mentioned earlier.

Property expenses amounted to S\$65.7 million in FY2020, a marginal increase of S\$0.6 million or 0.9% from FY2019 despite the cost-saving measures that were implemented, mainly due to master lease conversions where ESR-REIT had to bear certain property expenses such as land rent, property tax and maintenance costs that tenants used to bear under master lease arrangements.

Net Property Income Contribution by Asset Class (%)



Net Income

Net Income for FY2020 was S\$84.1 million, a decrease of S\$24.4 million or 22.5% from FY2019 on the back of lower NPI and higher trust expenses, partially offset by lower borrowing costs.

The increase in trust expenses for FY2020 was mainly due to S\$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⁽³⁾ (the "Proposed Merger"), while the decrease in borrowing costs was attributable to a lower average level of debt and lower interest rate environment during the year.

Distributions to Unitholders

In anticipation of a challenging operating environment, the Manager retained S\$7.0 million of distributable income equivalent to a DPU of 0.197 cents for prudent cash flow management in 1Q2020. The retained distributable income was subsequently paid out to Unitholders in 3Q2020 (0.098 cents) and 4Q2020 (0.099 cents) respectively.

Total distributions to Unitholders for FY2020 amounted to S\$99.1 million, a decrease of S\$33.4 million or 25.2% as compared to FY2019, which was mainly attributable to lower NPI and the absence of distribution of other gains, partially offset by lower borrowing costs in FY2020.

FY2020 DPU of 2.80 cents was 30.2% lower than the FY2019 DPU of 4.011 cents. Included in the FY2019 DPU was 0.482 cents (or approximately S\$16.1 million) of distribution of other gains which was absent from the FY2020 DPU. Excluding the distribution of other gains, on a like-for-like basis, FY2020 Core DPU was 2.80 cents, 20.7% lower than the FY2019 Core DPU of 3.529 cents.

⁽³⁾ Such abortive costs are not tax deductible and have no impact on distributable income.

Financial Review

A breakdown of the quarterly DPU from FY2018 to FY2020 is as follows:

Quarterly DPU	1 Jan to 31 Mar (1Q) cents	1 Apr to 30 Jun (2Q) cents	1 Jul to 30 Sep (3Q) cents	1 Oct to 31 Dec (4Q) cents	Total DPU for the year cents
FY2018	0.847	1.001	1.004	1.005	3.857
FY2019	1.007	1.004	1.000	1.000	4.011
FY2020	0.697	0.662	0.700	0.741	2.800

ESR-REIT's distribution yield as at 31 December 2020 was 7.1% per annum⁽⁴⁾. The REIT has been consistently delivering a yield higher than that of the Singapore Government 10-year SGD bond.

Change in the Number of Issued Units

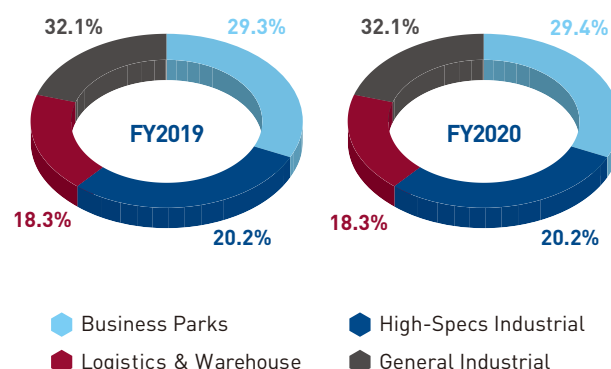
During FY2020, the Manager issued a total of 89,046,155 new units pursuant to the distribution reinvestment plan and as payments of management fees. A breakdown of the changes in the number of issued units during FY2020 as compared to FY2019 is as follows:

	FY2020 Number of units	FY2019 Number of units
Issued units at beginning of the year	3,487,315,971	3,170,172,725
Issuance of new units pursuant to:		
— Management fees paid in units	23,096,788	15,915,230
— Distribution Reinvestment Plan	65,949,367	8,936,833
— Private Placement	—	194,174,000
— Preferential Offering	—	98,117,183
Issued units at end of the year	3,576,362,126	3,487,315,971

Valuation of Properties

As at 31 December 2020, the total fair value of ESR-REIT's investment properties was S\$2.89 billion⁽⁵⁾ based on independent external valuations, which were reported on the basis of material valuation uncertainty due to COVID-19. The decrease in investment properties was due to fair value loss of S\$59.7 million, partially offset by the capital expenditure incurred in FY2020.

Valuation of Properties (%)⁽⁶⁾



⁽⁴⁾ Based on closing price of S\$0.395 as at 31 December 2020.

⁽⁵⁾ Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-REIT holds 80% interest, but excludes the valuation of 48 Pandan Road which is held through a joint venture in which ESR-REIT holds 49% interest.

⁽⁶⁾ Excludes ESR-REIT's 49% interest in 48 Pandan Road.

Net Assets Attributable to Unitholders

	31 December 2020	31 December 2019	Variance
	S\$'000	S\$'000	%
Total Assets	3,187,393	3,229,052	-1.3
Total Liabilities	1,589,288	1,569,361	+1.3
Net Assets Attributable to Unitholders	1,446,990	1,508,576	-4.1
Net Asset Value ("NAV") per Unit (cents)	40.5	43.3	-6.5

Total assets decreased by 1.3% from S\$3.23 billion as at 31 December 2019 to S\$3.19 billion as at 31 December 2020. The decrease was mainly due to a decline in the carrying value of the REIT's investment properties based on independent external valuations.

Total liabilities increased marginally by 1.3% to S\$1.59 billion as at 31 December 2020 as compared to S\$1.57 billion as at 31 December 2019. The increase was largely due to (i) provision for rental rebates to be given to tenants as part of the REIT's measures to support tenants adversely affected by the COVID-19 outbreak, as well as under the Rental Relief Framework pursuant to the COVID-19 (Temporary Measures) Act 2020; (ii) accruals for abortive costs incurred in relation to the Proposed Merger; and (iii) accruals for costs incurred in relation to ongoing asset enhancement works.

Net assets attributable to Unitholders decreased by 4.1% to S\$1.45 billion as at 31 December 2020 as compared to S\$1.51 billion as at 31 December 2019. NAV per unit as at 31 December 2020 was 40.5 cents as compared to 43.3 cents as at 31 December 2019.

Change in Reporting Frequency

Following the amendment to Rule 75 of the SGX-ST Listing Manual on the quarterly reporting framework which took effect on 7 February 2020, ESR-REIT adopted half-yearly reporting and announced its first half-yearly financial statements in respect of the half-year ended 30 June 2020.

Accounting Policies

The financial statements of ESR-REIT are prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 'Reporting Framework for Unit Trusts' ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore 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.

Capital Management

ESR-REIT's capital management philosophy is grounded on the belief that cultivating diversified sources of capital and strengthening its credit profile is key to being better able to manage risks for its Unitholders. The Manager

adopts a prudent and disciplined approach towards capital management to ensure sound financial flexibility in the REIT's capital structure.

Key Financial Indicators

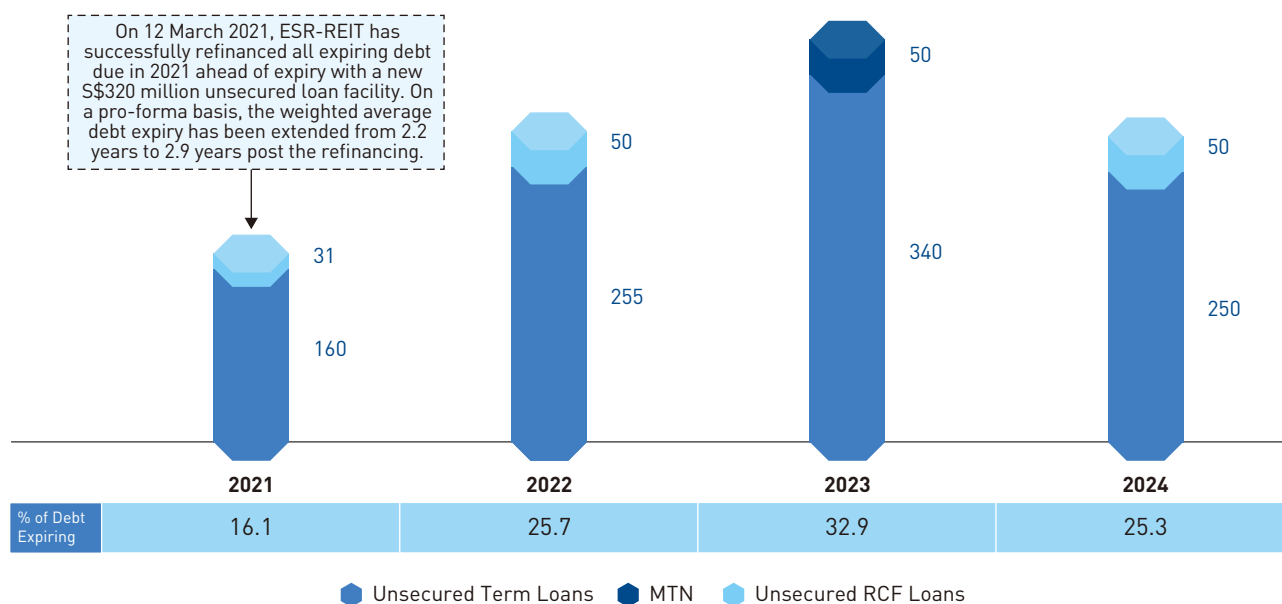
	As at 31 December 2020	As at 31 December 2019
Total Gross Debt (S\$ million)	1,186.0	1,200.0
Debt to Total Assets (%) ⁽¹⁾	41.6	41.5
Weighted Average All-in Cost of Debt (%) p.a.	3.54	3.92
Weighted Average Debt Expiry ("WADE") (years)	2.2 ⁽²⁾	2.6
Interest Coverage Ratio (times) ⁽³⁾	3.5	3.7
MAS Interest Coverage Ratio (times) ⁽⁴⁾	2.6	2.8
Interest Rate Exposure Fixed (%)	89.0	88.8
Weighted Average Fixed Debt Expiry ("WAFDE") (years)	2.0	2.6
Proportion of Unencumbered Investment Properties (%) ⁽⁵⁾	100.0	100.0
Debt Headroom (S\$ million) ⁽⁶⁾	507.7	195.2
Undrawn Available Committed Facilities (S\$ million)	119.0	90.0

As at 31 December 2020, ESR-REIT's Debt to Total Assets was 41.6% and it has an interest coverage ratio of 3.5 times. The portfolio remains 100% unencumbered, and the weighted average debt expiry was 2.2 years (2.9 years post refinancing).⁽²⁾ ESR-REIT maintains a well-staggered

debt maturity profile, with no more than 33.0% of debt expiring in each year. 89.0% of interest rate exposure was fixed for a weighted average tenor of 2.0 years. ESR-REIT has successfully reduced its all-in cost of debt from 3.92% p.a. in the preceding year to 3.54% p.a. as at 31 December

Debt Maturity Profile (as at 31 December 2020)

(S\$ million)



⁽¹⁾ Includes ESR-REIT's 49% share of the borrowings, lease liabilities and total assets of PTC Logistics Hub LLP but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019 where such effects relate to operating leases that were entered into in the ordinary course of ESR-REIT's business and were in effect before 1 January 2019.

⁽²⁾ On 12 March 2021, ESR-REIT has successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility. On a pro-forma basis, the weighted average debt expiry has been extended from 2.2 years to 2.9 years post the refinancing.

⁽³⁾ Interest excludes amortisation of debt-related transaction costs and finance costs on lease liabilities for leasehold land.

⁽⁴⁾ Interest includes amortisation of debt-related transaction costs and finance costs on lease liabilities for leasehold land.

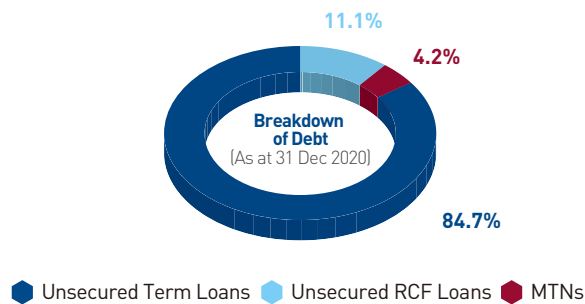
⁽⁵⁾ Excludes ESR-REIT's 49% interest in 48 Pandan Road.

⁽⁶⁾ Calculated based on aggregate leverage limit of 50% (31 December 2019: 45%)

2020. On 12 March 2021, ESR-REIT has successfully refinanced all expiring debt due in 2021 ahead of expiry with a new S\$320 million unsecured loan facility. On a pro-forma basis, the weighted average debt expiry has been extended from 2.2 years to 2.9 years post the refinancing.

ESR-REIT remains well-supported by 11 lending banks on a 100% unsecured basis. The Manager will continue to proactively reduce uncertainties in the 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.

As at 31 December 2020, Unsecured Term Loans and Medium-Term Notes make up 84.7% and 4.2% of total debt respectively.



Diversified Sources of Funding

In FY2020, ESR-REIT had entered into two unsecured loan facility agreements:

1. S\$200.0 million unsecured loan facility agreement with MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation Singapore Branch on 28 February 2020; and
2. S\$460.0 million unsecured loan facility agreement with Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad, Sumitomo Mitsui Banking Corporation Singapore Branch and United Overseas Bank Limited on 16 July 2020 in connection with the Proposed Merger of ESR-REIT and Sabana REIT.⁽⁷⁾

ESR-REIT also redeemed and cancelled the S\$30.0 million 4.10% Series 002 Notes and the S\$130.0 million 3.95% Series 004 Notes in April 2020 and May 2020 respectively. Both Notes were issued under the S\$750.0 million Multicurrency Debt Issuance Programme.

Enhanced Financial Flexibility

As the COVID-19 situation is still ongoing, significant uncertainties remain over its duration and impact on the global economy. The Manager is cognisant of the challenges posed by the pandemic and will continue to be proactive in managing refinancing and interest rate risks.

As at 31 December 2020, approximately S\$18.1 million of cash balances and S\$119.0 million of undrawn committed facilities were available for general working capital and corporate funding purposes.

On 16 April 2020, the Monetary Authority of Singapore ("MAS") announced that the aggregate leverage limit for real estate investment trusts listed on the Singapore Exchange would be raised from 45% to 50% with immediate effect. MAS deferred the requirement to have a minimum adjusted interest coverage ratio of 2.5 times in order for the leverage limit to be increased from 45% to 50% to take effect on 1 January 2022.

Notwithstanding the higher aggregate leverage limit, the Manager will maintain its proactive approach in managing capital structure and remain prudent and disciplined in mitigating funding risks to better safeguard ESR-REIT against the uncertainties ahead.

Cash Flows and Hedging

The Manager has taken a proactive approach in monitoring cash flow position and requirements to ensure sufficient liquidity and adequate funding is available for distribution to Unitholders as well as to meet any short-term financial obligations. The Manager will continue to implement rigorous measures to mitigate interest rate volatilities.

⁽⁷⁾ This loan facility ultimately lapsed as the Proposed Merger with Sabana REIT did not go through.

Singapore Industrial Property Market Overview

INTRODUCTION

The following report was prepared by Jones Lang LaSalle (“JLL”) to provide a Singapore Industrial Property Market Overview covering the business park, factory and logistics/warehouse segments. The report will be incorporated as part of ESR REIT’s Annual Report 2020.

SINGAPORE MACROECONOMIC OVERVIEW

Economic Performance in 2020

Data released by the Ministry of Trade and Industry (“MTI”) on 15 February 2021 indicated that Singapore’s Gross Domestic Product (“GDP”) contracted by 5.4% year-on-year (“y-o-y”) in 2020. Nonetheless, this was better than MTI’s official forecast of -6.5% to -6.0% announced on 23 November 2020.

Singapore’s worst economic recession since independence came on the back of three consecutive quarters of y-o-y GDP contractions. Specifically, the 13.3% y-o-y contraction in 2Q2020 was due to the Circuit Breaker measures implemented from 7 April to 1 June which included the suspension of non-essential services and closure of most workplace premises to slow the COVID-19 spread locally. Additionally, external demand was weak amid a global economic downturn caused by the COVID-19 pandemic. Following the phased re-opening of the economy from 2 June 2020, the contraction in GDP eased to 5.8% y-o-y and 2.4% y-o-y in 3Q2020 and 4Q2020, respectively.

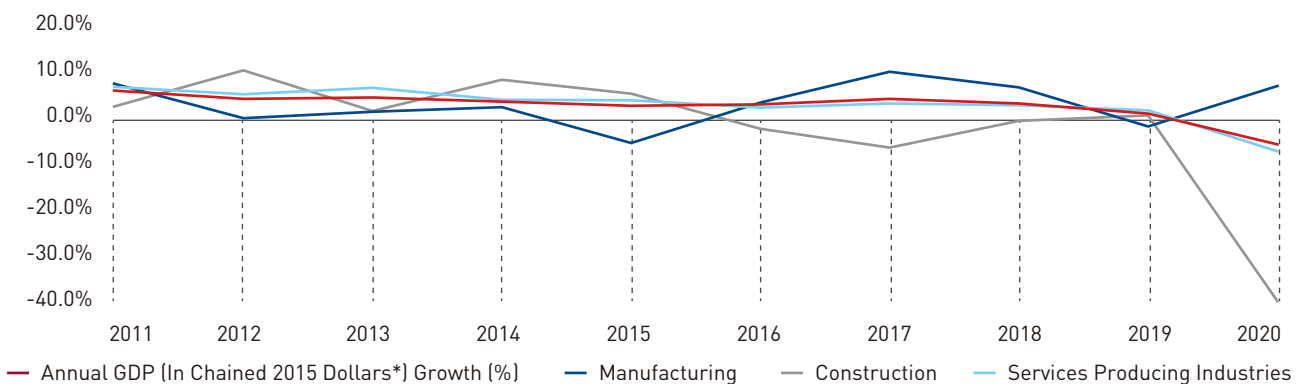
The manufacturing sector was the star performer in 2020. Based on data released by the Singapore Economic

Development Board (“EDB”) on 26 January 2021, output expanded by 7.3% y-o-y, reversing the 1.5% y-o-y decline in 2019. Manufacturing sector growth in 2020 was underpinned by output expansions in the biomedical manufacturing (+23.7% y-o-y), electronics (+11.9% y-o-y) and precision engineering (+10.6% y-o-y) clusters. Over the same period, the transport engineering, general manufacturing industries and chemical clusters recorded annual output declines of 25.7%, 11.3% and 1.0%, respectively.

In contrast, both the construction and services producing industries recorded output declines in 2020. The Circuit Breaker measures and the COVID-19 outbreak in the foreign workers’ dormitories halted most construction activities and created manpower challenges. Coupled with the slow resumption of construction activities in 2H2020, these contributed to the steep 35.9% y-o-y plunge in construction output in 2020, following the 1.6% y-o-y expansion in 2019.

The services producing industries recorded a 6.9% y-o-y decline in output in 2020, after expanding 2.0% y-o-y in 2019. 2020’s performance was weighed down by weaknesses in aviation-and tourism-related sectors such as air transport and accommodation; trade-related services sectors including wholesale trade, as well as consumer-facing sectors namely retail and food services which were adversely affected by the COVID-19 pandemic in 2020.

Singapore’s Economic Performance (2011-2020)



* SDOS adopted the recommendation of the United Nations System of National Accounts (SNA) to compile annually reweighted chain volume measures (CVM) of GDP in 2019. Real GDP, which strips out the impact of inflation, will now be based on prices from the previous year, to better reflect prevailing economic conditions compared to the previous constant price method.

Source: MTI, Singapore Department of Statistics (Singstat), JLL Research

Outlook for 2021

The Singapore economy is expected to rebound from the economic recession in 2020 and expand by 4.0%-6.0% in 2021, with growth foreseen to be gradual and uneven. This is according to MTI's latest official forecast released on 15 February 2021.

The manufacturing sector is expected to remain on the growth trajectory in 2021. Trade-related services sectors such as wholesale trade should benefit from a foreseen pickup in external demand underpinned by the improved growth outlook of key external economies. Steady growth is also anticipated for the information & communications and finance & insurance sectors on the back of sustained demand for information technology and digital solutions, and credit and payment processing services, respectively.

However, a weaker recovery is foreseen for the aviation- and tourism-related sectors (e.g. air transport and accommodation) due to the protracted global travel restrictions and sluggish travel demand. The slower recovery in visitor arrivals and continued capacity constraints from safe distancing measures are also likely to affect the performance of consumer-facing sectors like retail trade and food services, although this could be mitigated by a gradual turnaround in labour market conditions that should lift consumer sentiment.

In addition, Singapore's projected economic recovery in 2021 could be affected by the continued presence of downside risks including the health of the global economy, geopolitical risks and how the COVID-19 pandemic situation evolves.

RECENT GOVERNMENT POLICIES AND MEASURES AFFECTING THE INDUSTRIAL PROPERTY MARKET

COVID-19 Support Measures

To help Singapore's businesses and individuals tide through the adverse impact of the COVID-19 pandemic, the government has announced close to S\$100 billion worth of support measures in 2020 in four successive packages as follows:

- | | |
|---------------------|---|
| • 18 February 2020 | : S\$6.4 billion in Unity Budget ⁽¹⁾ |
| • 26 March 2020 | : S\$48.4 billion Resilience Budget |
| • 6 & 21 April 2020 | : S\$5.1 + S\$3.8 billion Solidarity Budget |
| • 26 May 2020 | : S\$33.0 billion Fortitude Budget |

In particular, the Solidarity Budget was announced to mitigate the impact of an eight-week Circuit Breaker which saw the closure of all schools and most workplaces apart from essential services, while the Fortitude Budget was announced to support a slow three-phase re-opening of the economy following Singapore's exit from the Circuit Breaker on 2 June 2020.

Thereafter, in a Ministerial Statement on 17 August 2020, the government reallocated S\$8 billion from other areas, such as development expenditures that were delayed due to COVID-19, to provide continued support for workers and jobs that include the extension of the Jobs Support Scheme up to March 2021.

The following table provides a summary of the key COVID-19 support measures applicable to the industrial property sector, which has to some extent, helped mitigate the impact of COVID-19 on the industrial property market in 2020.

⁽¹⁾ Comprises the Stabilisation and Support Package, the Care and Support Package and support for frontline agencies.

Singapore Industrial Property Market Overview

Key COVID-19 Support Measures for the Industrial Property Market

Support Measure	Details
Rental Waivers/Reliefs	<ul style="list-style-type: none"> The intention of the rental relief framework is to help as many businesses as possible tide through the economic fallout due to COVID-19, through rental waivers borne by the government and landlords. Tenants continue to pay maintenance fees and service charges. Eligible industrial tenants in government-owned/managed facilities received a total of two months of rental waiver. Eligible small and medium-sized enterprise ("SME") tenants in private industrial properties received one month of rent relief (supported by the government) for April 2020. Those who qualify for the Additional Rental Relief received another month of rent relief for May 2020. For most properties, the total rental support provided by the government to landlords amounted to close to one month's rental. This is made up of a 30% property tax rebate (equivalent to about 0.36 month of rent) and cash grant (about 0.64 month of rent). The cash grant has been automatically disbursed to property owners from end-July 2020. SME property owners who run a trade or business on their own property also qualify for the cash grant.
COVID-19 (Temporary Measures) Act 2020	<ul style="list-style-type: none"> On 7 April 2020, the Ministry of Law ("MinLaw") passed the COVID-19 (Temporary Measures) Act 2020 to offer temporary relief to businesses and individuals affected by the COVID-19 pandemic. The Act took effect on the same day and has since been amended thrice in June, September and November 2020. The Act allows businesses and individuals to defer certain contractual obligations such as paying rent, repaying loans or completing work, for a specified period. It also ensures that property owners pass on property tax rebates in full to tenants. On 12 October 2020, MinLaw announced the extension of the relief period under Part 2 of the Act, which enables parties in prescribed categories of contracts to obtain temporary relief from legal and enforcement actions for inability to perform contractual obligations due to COVID-19, by one to five months, depending on the contract category. The relief periods for selected contracts were extended further by MinLaw on 16 November 2020. Specifically, reliefs covering leases and licences of industrial properties ended on 19 November 2020, while the specified period for construction contracts or supply contracts was extended from 19 October 2020 to 31 March 2021. For Options to Purchase and Sale and Purchase Agreements between developers and purchasers of industrial properties, the prescribed relief period has been extended to 31 March 2021 to help industrial property buyers who require more time to make their payments. It will also allow developers and purchasers to seek temporary protection from being sued during the relief period, if they are unable to perform any contractual obligations due to COVID-19.

Singapore Industrial Property Market Overview

Support Measure	Details															
Jobs Support Scheme (“JSS”)	<ul style="list-style-type: none"> The JSS was introduced to help save jobs for Singapore citizens and permanent residents by providing wage support to employers during the period of economic uncertainty. 															
	<ul style="list-style-type: none"> On 17 August 2020, the government extended the JSS by up to seven months to cover wages paid up to March 2021. The additional support will be paid out in March and June 2021. The extended JSS will be tiered based on sectors most affected by the pandemic. 															
	<table border="1"> <thead> <tr> <th>Tier</th> <th>Industries</th> <th>Extended JSS (September 2020-March 2021)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Aerospace, Aviation, Tourism, Built Environment</td> <td>50% wage support until March 2021</td> </tr> <tr> <td>2</td> <td>Arts & Entertainment, Food Services, Land Transport, Marine & Offshore, Retail</td> <td>30% wage support until March 2021</td> </tr> <tr> <td>3A</td> <td>All other sectors (exclude Tier 3B)</td> <td>10% wage support until March 2021</td> </tr> <tr> <td>3B</td> <td>Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores</td> <td>10% wage support for September-December 2020 0% for January-March 2021</td> </tr> </tbody> </table>	Tier	Industries	Extended JSS (September 2020-March 2021)	1	Aerospace, Aviation, Tourism, Built Environment	50% wage support until March 2021	2	Arts & Entertainment, Food Services, Land Transport, Marine & Offshore, Retail	30% wage support until March 2021	3A	All other sectors (exclude Tier 3B)	10% wage support until March 2021	3B	Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores	10% wage support for September-December 2020 0% for January-March 2021
	Tier	Industries	Extended JSS (September 2020-March 2021)													
	1	Aerospace, Aviation, Tourism, Built Environment	50% wage support until March 2021													
2	Arts & Entertainment, Food Services, Land Transport, Marine & Offshore, Retail	30% wage support until March 2021														
3A	All other sectors (exclude Tier 3B)	10% wage support until March 2021														
3B	Biomedical Sciences, Precision Engineering, Electronics, Financial Services, Information and Communications Technology, Media, Postal and Courier, Online Retail, Supermarkets, Convenience Stores	10% wage support for September-December 2020 0% for January-March 2021														
<ul style="list-style-type: none"> On 16 February 2021, it was announced that the JSS will be extended for the Tier 1 and 2 sectors that remained badly affected by the COVID-19 pandemic. This will be part of an S\$11 billion COVID-19 Resilience Package in Budget 2021. Specifically, firms in Tier 1 sectors will receive 30% support for wages paid from April to June 2021 and 10% for wages paid from July to September 2021. Those in Tier 2 will receive wage support of 10% for another three months, covering wages paid up to June 2021. 																

Source: MTI, MinLaw, JLL Research (as of 16 February 2021)

Singapore Industrial Property Market Overview

Initiatives to Drive Transformation and Future Growth

Singapore embarked on a national strategy in 2016 to transform industries and prepare for the future through the launch of 23 Industry Transformation Maps (“ITMs”) tailored to the needs of the specific industry to raise productivity, develop skills, drive innovation, and promote internationalisation. COVID-19 has accentuated the need to accelerate these efforts, with the allocation of S\$24 billion in Budget 2021 to enable Singapore’s firms and workers to emerge stronger over the next three years.

Previously in May 2020, an Emerging Stronger Taskforce (“EST”) was set up to provide recommendations to the Future Economy Council (“FEC”) to prepare for the post-COVID-19 economy. The EST will work with the six FEC Clusters on their industry transformation strategies, considering the changes that COVID-19 will have on the global economy and on Singapore.^[2]

Six Economic Clusters

Cluster	Industries
Manufacturing	<ul style="list-style-type: none"> Precision Engineering Electronics Marine & Offshore Aerospace Energy & Chemicals
Built Environment	<ul style="list-style-type: none"> Construction Real Estate Environmental Services Security
Trade & Connectivity	<ul style="list-style-type: none"> Air Transport Sea Transport Land Transport Logistics Wholesale Trade
Essential Domestic Services	<ul style="list-style-type: none"> Healthcare Education
Modern Services	<ul style="list-style-type: none"> Professional Services ICT and Media Financial Services
Lifestyle	<ul style="list-style-type: none"> Food Services Food Manufacturing Retail Hotels

Source: MTI

To bring interested parties together to collaborate on new growth opportunities, Alliances for Action (“AfA”) were convened by the EST, with emphasis on taking quick action to prototype solutions and to concurrently explore ways to scale viable solutions across Singapore’s economy and beyond. The EST will continue to grow the momentum of the AfAs in the next phase of the ITMs.^[3]

For instance, seven AfAs focusing on supply chain digitalisation, sustainability, digitalising built environment, smart commerce, robotics, safe and innovative visitor experiences, as well as edutech, were convened by the EST in June 2020 to act on key growth opportunities for Singapore. The eighth AfA for medtech was formed in November 2020, building on Singapore’s early successes in rapid testing, rapid contact tracing, and isolation in the fight against COVID-19.^[4]

In addition, the S\$25 billion five-year Research, Innovation and Enterprise (“RIE”) 2025 plan was launched on 11 December 2020, to focus on four key areas i.e. health, sustainability, the digital economy, and manufacturing. RIE2025 will also be more tightly integrated with the work of the FEC, to support economic transformation and create more good jobs for Singaporeans. It will also continue to support other national initiatives, such as the Smart Nation initiative to build a digital future for Singapore.^[5]

The above initiatives will underpin a larger 10-year “Manufacturing 2030” plan that was announced by Minister of Trade and Industry Chan Chun Sing in early 2021 to grow Singapore’s manufacturing sector by 50% of its current value, while maintaining its current share of about 20% of GDP.^[6] The vision is for Singapore to become a global business innovation and talent hub for advanced manufacturing.

The Southeast Asia Manufacturing Alliance that was launched on 3 February 2021 will play an important role in helping both global businesses and small and medium-sized enterprises (“SMEs”) grow their manufacturing and innovation footprint in the region, contributing to Singapore’s vision to become a global business, innovation and talent hub for advanced manufacturing by 2030.^[7]

^[2] Future Economy Council’s media release published on 6 May 2020.

^[3] MTI’s media release published on 19 November 2020.

^[4] The Business Times, “Singapore’s Emerging Stronger Taskforce forming new coalition to focus on medtech”, published on 20 November 2020.

^[5] National Research Foundation’s press release published on 11 December 2020.

^[6] The Business Times, “Singapore manufacturing value targeted to grow 50% over 10 years”, published on 26 January 2021.

^[7] The Business Times, “New programme to help businesses expand footprint in region”, published on 4 February 2021.

The Government also plans to promote Singapore's status as a regional and global e-commerce hub. Besides introducing two nationwide 5G networks by 2025, to enable infrastructure capacity to deal with large online sales orders internationally, other key initiatives include working with businesses to build strong supply chain capabilities, including developing value-added and specialised capabilities in areas such as cold-chain management, retail and pharmaceutical logistics. The Government will support local businesses in gaining e-commerce capabilities and maximising their growth opportunities from the digital economy.⁽⁸⁾

These initiatives could transform business operating models, generate new business ideas and yield new industrial space requirements within the manufacturing cluster, as well as industries like wholesale trade and logistics.

Industrial Government Land Sales (IGLS) Programme

Despite the availability of COVID-19 vaccines and the generally improved economic outlook for 2021, the Government continues to take a cautious stance in its latest bi-annual Industrial GLS ("IGLS") Programme. Land supply was scaled back for the fifth straight time. Six land plots with a combined area of 3.86 ha that could potentially yield around 0.78 million sq ft of gross floor area ("GFA") was offered in 1H2021. This is a reduction from six parcels with an aggregate land area of 4.40 ha capable of generating some 0.83 million sq ft of potential GFA in its 2H2020 programme.

In calibrating its latest IGLS Programme, the Government had likely considered the lingering uncertainties around the battle against COVID-19 and the downside risks associated on economic growth and demand for industrial space. It could have also given due consideration to project delays arising from the COVID-19 disruptions to construction activities in 2020 which pushed back the industrial space supply.

Notably, the three plots with total land area of 1.60 ha on the 1H2021 Confirmed List⁽⁹⁾ could generate almost 0.30 million sq ft in potential GFA, down 28.3% from the quantum that could be generated from the 2H2020 list. However, to cater to varying business needs, the Government has placed a slightly larger quantum of industrial space in terms of potential GFA on the 1H21 Reserve List⁽¹⁰⁾ for industrialists/developers to trigger for tender in response to market demand. The three parcels on the Reserve List could yield a total potential GFA of about 0.49 million sq ft, up 17.6% from six months prior.

Details of the sites placed under the 1H 2021 IGLS Programme are shown in the following table.

⁽⁸⁾ The Straits Times, "Singapore outlines plan to be hub for e-commerce", published on 29 January 2021.

⁽⁹⁾ Under the Confirmed List, the Government will release a site for sale by tender at a pre-determined date, without the need for the site to be triggered for sale.

⁽¹⁰⁾ Under the Reserve List, the Government will only release a site for sale if an interested party submits an application for the site to be put up for tender with an offer of a minimum purchase price acceptable to the Government. The successful applicant must undertake to submit a bid for the site in the ensuing tender at or above the minimum price offered in the application.

Singapore Industrial Property Market Overview

Industrial Government Land Sales (IGLS) Programme for 1H 2021

Location	Site Area (ha)	Zoning	Gross Plot Ratio	Tenure (years)	Estimated Available Date
Confirmed List of Industrial Sites					
Plot 10 Tampines North Drive 5	0.46	B2*	2.5	20	March 2021
Plot D Gul Avenue	0.58	B2	1.4	20	April 2021
Plot 4 Jalan Papan	0.56	B2	1.4	20	June 2021
Reserve List of Industrial Sites					
Woodlands Industrial Park E7/E8	0.76	B2	2.5	30	Available for application
Plot 9 Tampines North Drive 5	0.49	B2	2.5	30	April 2021
Plot 9 Jalan Papan	1.01	B2	1.4	20	May 2021

* Business 2 ("B2"): These are areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.

Source: MTI, JLL Research (as of 23 February 2021)

JTC Policy Changes for Replacement Anchor Tenants

JTC has revised its policy on the replacement of anchor tenants for third-party facility providers (e.g. REITs). With effect from 1 April 2020, the three-year minimum occupation period ("MOP") requirement for replacement anchor tenants was removed and re-assessment of

existing replacement anchor tenants will only be required for a more than 20% change in the GFA taken up and/or change in use. The revised policy is aimed at better meeting the changing needs of industries and to help streamline the application process. Details of the policy changes are provided in the following table.

JTC Policy Change for Replacement Anchor Tenants (with effect from 1 April 2020)

Indicator	Policy before 1 April 2020	Revised Policy from 1 April 2020
MOP Requirement for Replacement Anchor Tenants	<ul style="list-style-type: none"> Imposition of a 3-year MOP for all approved replacement anchor tenants. 	<ul style="list-style-type: none"> The MOP requirement was removed, and replacement anchor tenants can apply for any duration of stay for both new and renewal applications.
Re-assessment of Existing Replacement Anchor Tenants	<ul style="list-style-type: none"> Replacement anchor tenants will be re-assessed for any change in the GFA take-up and/or change in use. 	<ul style="list-style-type: none"> Replacement anchor tenants will only be re-assessed should the change in the GFA take-up be more than 20% and/or change in use.

Source: JTC, JLL Research

Singapore Industrial Property Market Overview

MAJOR INDUSTRIAL INVESTMENT SALES IN 2020

Based on information collated by JLL Research as of 8 February 2021, some S\$1.9 billion worth of industrial assets had changed hands in 2020, significantly lower than the S\$4.7 billion amassed in 2019. This comprises private deals worth at least S\$5 million each, and all government sales regardless of value.

In 2020, deal making was impeded by travel restrictions as well as Singapore's Circuit Breaker measures implemented from 7 April to 1 June during which all workplaces except for those providing essential services had to be closed. In addition, non-essential property viewings were suspended for the most part of 2Q2020 and

only allowed to resume from 19 June 2020 when Singapore entered Phase 2 of its three-phase re-opening.

Altogether, there were eight mega deals (worth more than S\$100 million apiece) in 2020, with cumulative worth of approximately S\$1.2 billion. The largest of these involved the award of the JTC Concept-and-Price tender for Biopolis Phase 6 to HB Universal (a subsidiary of Ho Bee Land) which placed the winning bid of S\$223.6 million for the 60-year leasehold "Business Park-White" plot in one-north.

Key details of the eight mega industrial investment deals in 2020 are provided as follows.

Major* Industrial Investment Sales in 2020

Quarter Sold	Property Name/Location	Property Type	Sale Price (S\$ mil)	Approximate Land Area (sq ft)	Tenure
1Q	Biopolis Phase 6 Tanglin Halt, one-north (JTC Concept and Price Tender development site)	Business Park – White (15)**	\$223.60	80,955	60 Yrs from 2020
1Q	Galaxis (25% interest in Ascendas Fusion 5 Pte Ltd) 1 & 3 Fusionopolis Place	Business Park	\$157.50	207,560	60 Yrs from 12/07/2012
3Q	7 Bulim Street	Logistics/Warehouse	\$129.63	366,996	30 Yrs from 01/09/2012
3Q	26A Ayer Rajah Crescent	Data Centre	\$125.00	109,943	30 Yrs from 22/05/2013
3Q	Thye Hong Industrial Centre 2 Leng Kee Road	Business 1 development	\$112.50	64,067	Freehold
4Q	Former Big Box 1 Venture Avenue	Business Park	\$118.00	609,720	30 Yrs from 23/03/2007
4Q	Sandcrawler 1 Fusionopolis View	Business Park	\$175.76	73,377	30+30 Yrs from 01/09/2010
4Q	Portfolio of 14 Industrial properties (26% stake) (01) Bombardier Aerospace (02) 11 Seletar Aerospace Link (03) 26 Changi North Rise (04) 16 Tampines Industrial Crescent (05) 85 Tuas South Avenue 1 (06) 10 Tukang Innovation Drive (07) GSK Asia House (08) Edward Boustead Centre (09) Continental Building (Ph 1) (10) Continental Building (Ph 2) (11) Continental Building (Ph 3) (12) 10 Changi North Way (13) 12 Changi North Way (14) 16 Changi North Way	The portfolio comprises six industrial properties, one business park, four high-specs industrial properties and three logistics properties.	\$122.16	N.A.	N.A.

* Refers to transactions worth at least S\$100 million each.

** A maximum 15% of the total development GFA can be set aside for allowable white uses such as F&B/Retail and office space.

N.A. denotes "Not Available"

Source: JTC, REALIS, RCA, JLL Research (as of 8 February 2021)

Singapore Industrial Property Market Overview

ISLANDWIDE BUSINESS PARK MARKET OVERVIEW

Existing Supply, Demand and Occupancy

As of 4Q2020, Singapore had 23.7 million sq ft of completed business park space which accounted for 4.4% of the total islandwide industrial stock. Of this, 84.9% are private business park space and 15.1% are public business park space.

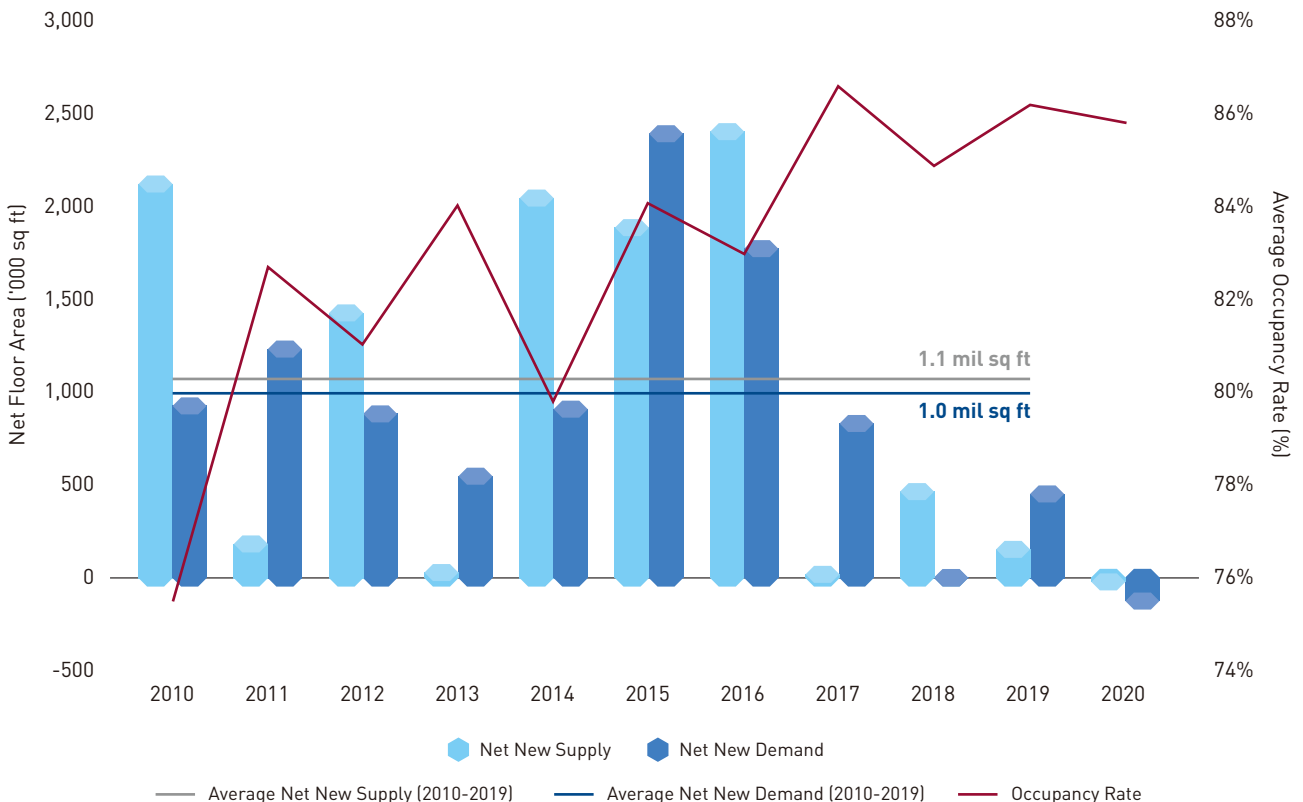
TUV SUD's new facility at No.15 International Business Park ("IBP") was the only new project that came on stream in 2020 as COVID-19 disruptions to construction activities caused project delays. Thus, new supply in full year 2020 was lower than envisaged.

In terms of demand, the escalating COVID-19 pandemic and cloudy economic outlook caused an increasing number of companies to adopt a wait-and-see approach on their space requirements towards the end of 1Q2020. Coupled with the Circuit Breaker and Singapore's economic contraction in 2Q2020, leasing enquiries slowed down and business park space vacated exceeded new move-ins in 1H2020.

Following Singapore's phase two economy re-opening from 19 June 2020, leasing enquiries picked up in 2H2020, mainly from firms in the life science, pharmaceutical and biomedical industries. There was also some demand from qualifying displaced tenants from office buildings that were earmarked for redevelopment (e.g. Fuji Xerox Towers).

Notwithstanding, the islandwide quantum of occupied business park space contracted by 0.6% or about 0.1 million sq ft in 2020. Despite the relatively stable supply, the contraction exerted downward pressure on the average islandwide occupancy rate which fell from 86.2% as of 4Q2019, to 85.8% as of 4Q2020.

Net New Supply, Net New Demand and Average Occupancy of Business Park Space



Singapore Industrial Property Market Overview

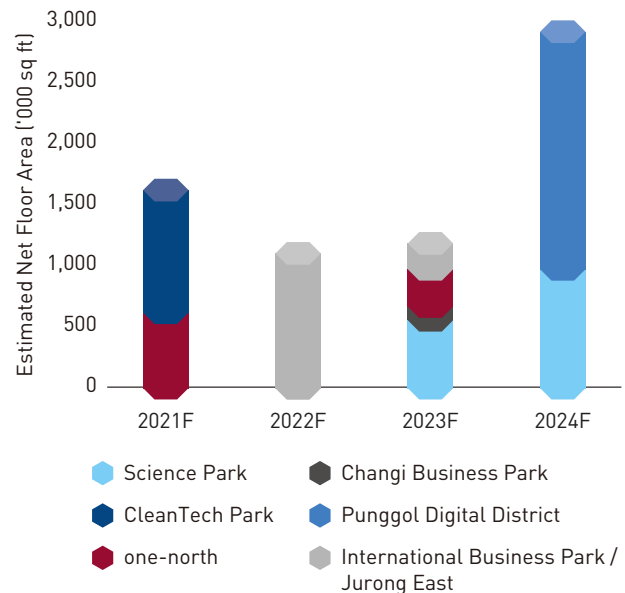
Potential Supply

Based on JTC's data as of 4Q2020 and JLL's research, an estimated 6.8 million sq ft⁽¹¹⁾ (net floor area) of new business park space is expected to be completed from 2021 to 2024. Without accounting for withdrawals and change of use, this will expand the islandwide stock of business park space as at 4Q2020 by almost 29%, to about 30.5 million sq ft by end-2024.

Around 28.6% of the total pipeline supply will be located at Punggol Digital District ("PDD"), followed by the Singapore Science Park (22.3%), IBP/Jurong East (19.2%), CleanTech Park ("CTP") (14.7%), one-north (13.5%) and Changi Business Park (1.6%).⁽¹²⁾

By expected year of completion, supply is expected to spike in 2021 as the disruptions to construction activities had pushed back the target completion dates of six developments from 2020 to 2021. These comprises three purpose-built facilities meant mostly for self-use within one-north for Grab, Razer and Wilmar International, as well as the Surbana Jurong Campus, JTC CleanTech Two (extension) and JTC CleanTech Three in CTP. Collectively, these six projects could inject an estimated 1.6 million sq ft of new business park space in 2021.

Thereafter, new supply is expected to moderate to about 1.1 to 1.2 million sq ft per annum in 2022 and 2023 before surging to 2.9 million sq ft in 2024 from the envisaged completions of the first phase of PDD and a proposed development at Science Park Drive by CapitaLand Singapore (BP&C) Pte Ltd.

Potential Supply of Business Park Space (2021 to 2024)

Source: JTC, JLL Research

Examples of Major* Upcoming Business Park Developments

Expected Year of Completion	Name of Development	Location	Business Park	Name of Developer	Approximate Gross Floor Area (sq ft)
2021	Grab HQ	1, 3 Media Close	one-north	Ascendas REIT	395,789
2021	JTC Cleantech Three	8 Cleantech Loop	CTP	JTC Corporation	664,026
2021	Surbana Jurong Campus	Cleantech Loop	CTP	SJ Capital (JID) Pte Ltd	445,088
2022	Perennial Business City (former Big Box)	1 Venture Avenue	Jurong East	Perennial-led Consortium	1,500,000
2023	Biopolis Phase 6	North Buona Vista Drive	one-north	HB Universal Pte Ltd	378,459
2023	Business park development	3 Science Park Drive	Science Park	Science Park Property Trustee Pte Ltd	310,216
2024	Business park development	Punggol Way	PDD	JTC Corporation	2,439,640
2024	Business park development	1 Science Park Drive	Science Park	CapitaLand Singapore (BP&C) Pte Ltd	1,211,263

* Refers to developments with approximate gross floor area of at least 300,000 sq ft.

Source: JTC, JLL Research

⁽¹¹⁾ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated gross floor area, as well as the status of planned projects.

⁽¹²⁾ Figures do not add to 100% due to rounding.

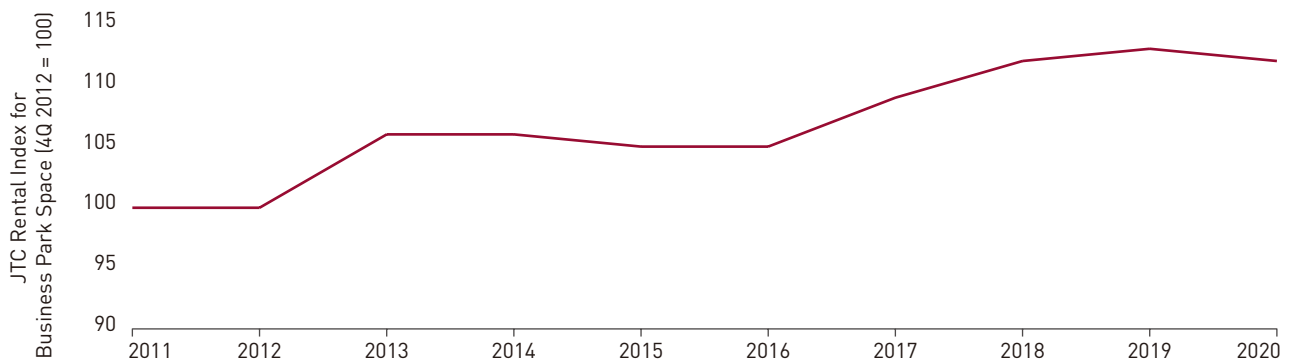
Singapore Industrial Property Market Overview

Rents

JTC's latest available rental index as of 4Q2020, which is based on transactions of private business park space, showed the islandwide business park rent softened by 1.1% in 2020, after rising 1.3% in 2019. The rent correction, which ended four prior years of growth, came amid the falling average islandwide occupancy rate. The steep economic downturn also caused tenants to turn rent sensitive and landlords responded by lowering their rent expectations for their underperforming assets.

According to data from JTC, the islandwide 25th percentile, median and 75th percentile business park rents stood at S\$3.60, S\$4.00 and S\$4.37 per sq ft per month, respectively, as of 4Q2020. These quarterly 25th percentile, median and 75th percentile rents are based on the number of transactions and attributes of the spaces leased during the period of analysis and they could vary significantly depending on floor level, size of the units leased, location, age and specifications of the business park space.

JTC Rental Indices for Business Park Space (2011 to 2020)



* JTC's rental index are based on transactions of private business park developments.

Source: JTC, JLL Research

Market Outlook for 2021

Despite the better economic outlook and optimism from the availability of COVID-19 vaccines, we expect most businesses to stay rent sensitive and cautious with their space needs, especially in 1H2021. However, technology and medical-related firms, and displaced qualifying tenants from office buildings earmarked for redevelopment, could provide some support to demand.

While net absorption is projected to be expansionary in 2021, it is likely to lag the rise in new completions and translate to a lower average islandwide occupancy rate in 2021 than 2020.

Taking cognisance of the above, we expect business park rents to remain exposed to downside risks in 1H2021, but there is potential for rents to start firming up in 2H2021 if market sentiment improves, to support a full-year rent growth. Rents of newer and better-quality business park premises, especially those in choice locations, are also expected to outperform the wider market.

ISLANDWIDE FACTORY MARKET OVERVIEW

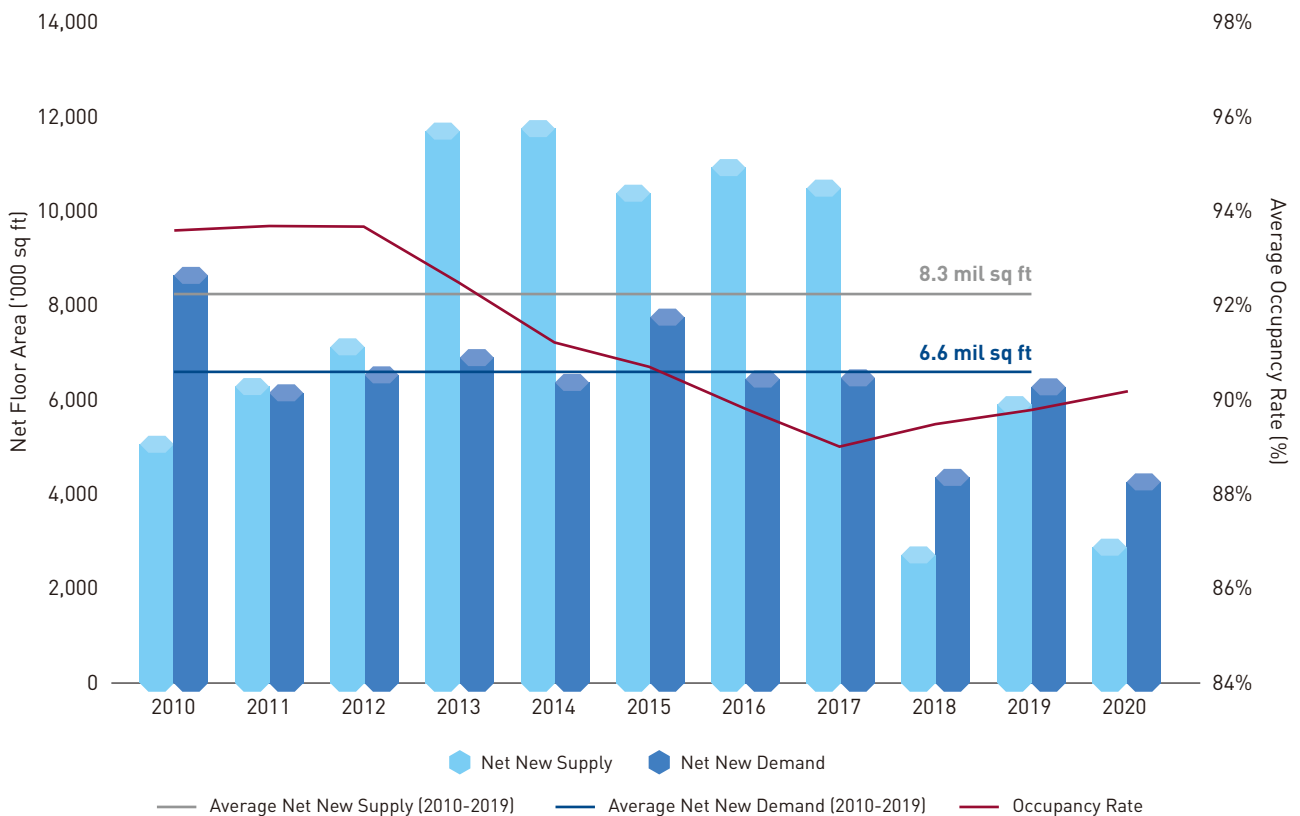
Existing Supply, Demand and Occupancy

Singapore's islandwide factory stock (excluding business park space) stood at 395.3 million sq ft as of 4Q2020, with the private sector holding the majority 83.8% and the public sector holding the balance 16.2%. Single-user factory premises, mainly for self-use, accounted for 69.0% of the total completed factory stock, while multiple-user factory space contributed the remaining 31.0%.

Singapore's completed factory space rose by a marginal 0.7% in 2020 following a net new addition of about 2.9 million sq ft. Approximately 77.7% of the total net new supply were single-user factory premises, and 22.3% were multiple-user factory space.

Singapore Industrial Property Market Overview

Net New Supply, Net New Demand and Average Occupancy of Factory Space



* Refers to private single-user and multiple-user factory space, excluding business parks.

Source: JTC, JLL Research

Meanwhile, total factory net space absorptions amounted to 4.3 million sq ft in 2020. As this exceeded net additions, the average factory occupancy rate rose marginally from 89.8% as of 4Q2019, to 90.2% as of 4Q2020. Both the single- and multiple-user factory segments saw their average occupancy rates increased by 0.2- and 1.0-percentage point, y-o-y, to 91.0% and 88.5%, respectively, as of 4Q2020.

Over this period, leasing activity was largely driven by renewals. Although there was some new demand from firms in medical-related industries (e.g. pharmaceutical companies) and the electronics sector looking for expansion space for their manufacturing operations, most companies were cautious with their space requirements due to the macroeconomic uncertainties caused by the COVID-19 pandemic.

Singapore Industrial Property Market Overview

Potential Supply

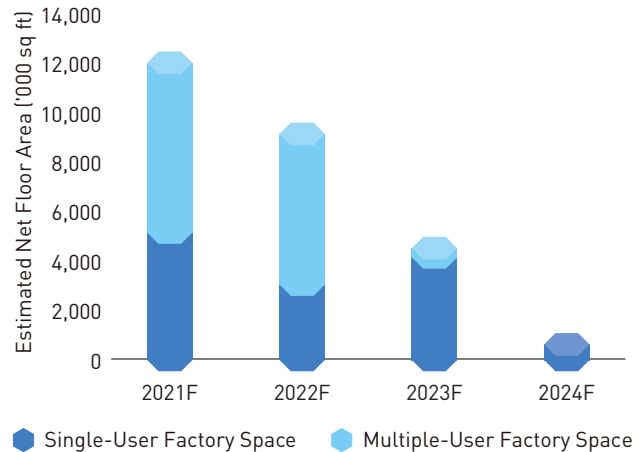
Based on JLL's research and JTC's list of projects under development as of 4Q2020, an estimated 27.5 million sq ft¹³ (net floor area) of new factory space (excluding business park) is expected to be completed from 2021 to 2024, of which about 51.3% are multiple-user factory space and 48.7% are single-user factory space.

New supply is expected to surge to a peak of 12.6 million sq ft in 2021, due to COVID-19 related delays in projects that were supposed to complete in 2020. Majority of the pipeline supply in 2021 at 57.6% comprises multiple-user factory space with the remaining 42.4% for single-user factory developments.

Thereafter, supply is expected to taper to 9.6 million sq ft in 2022 and decrease further to 4.7 million sq ft and 0.6 million sq ft in 2023 and 2024, respectively, based on known projects as of 4Q2020.

Not accounting for stock withdrawals and change of use, this will increase the overall factory stock as of 4Q2020 by 6.9%, to almost 423 million sq ft as of end-2024.

Potential Supply of Factory* Space (2021 to 2024)



* Refers to private single-user and multiple-user factory space, excluding business parks.

Source: JTC, JLL Research

Examples of Major* Upcoming Factory Developments

Expected Year of Completion	Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
Single-User Factory Developments					
2023	Single-user factory	Sunview Way	West	Malkoha Pte Ltd	1,844,288
2023	Google's Third Data Centre	1 Lok Yang Way	West	Google Asia Pacific Pte Ltd	1,292,423
Multiple-User Factory Developments					
2021	JTC Defu Industrial City	6 Defu South Street 1	Northeast	JTC Corporation	3,506,559
2021	TimMac@Kranji	Kranji Loop / Kranji Road	North	JTC Corporation	1,543,222
2021	Kranji Green	28 Kranji Loop	North	JTC Corporation	1,432,031
2022	Bulim Square	Bulim Lane 1/2	West	JTC Corporation	1,715,767
2022	JTC Space@AMK	Ang Mo Kio Street 64 / 65	Northeast	JTC Corporation	1,258,732
2022	Solaris @ Tai Seng	Tai Seng Avenue	Northeast	SB (Ipark) Investment Pte Ltd	1,132,902

* Refers to developments with approximate gross floor area of at least 1 million sq ft.

Source: JTC, JLL Research

¹³ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated gross floor area, as well as the status of planned projects.

Singapore Industrial Property Market Overview

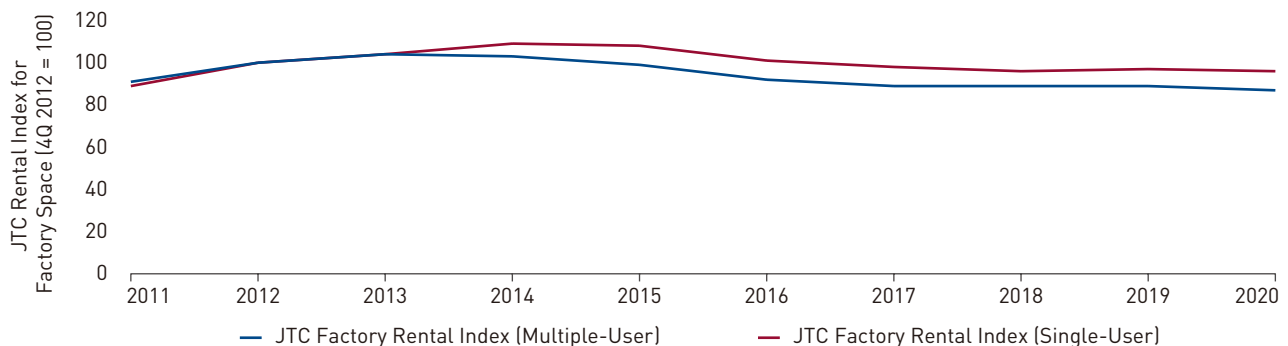
Rents

Occupiers of factory space were rent cautious in the wake of the macroeconomic challenges arising from the COVID-19 outbreak since March 2020. Some tenants also requested for rental rebates from their landlords. At the same time, landlords were observed to be more flexible during lease negotiations and focused on tenant retention. This weighed down overall factory rents in 2020 despite the Government's COVID-19 support measures for businesses and industrial landlords that have helped cushion the downward pressure on rents.

Reflecting this, JTC's rental index for both single-user and multiple-user factory premises, which are based on transactions of private factory developments, fell by 1.4% and 1.8% in 2020, respectively. This contrasted with the 0.5% rise, and the marginal 0.1% slide, in the single-user and multiple-user factory rental indices in full-year 2019, respectively.

As of 4Q2020, the 25th percentile, median and 75th percentile monthly rents for single-user factory space stood at S\$1.25, S\$1.50 and S\$1.95 per sq ft per month. For multiple-user factory premises, the 25th percentile rent stood at S\$1.40 per sq ft per month, while the median and 75th percentile rent stood at S\$1.72 and S\$2.10 per sq ft per month, respectively. These 25th percentile, median and 75th percentile rents from JTC are based on the number and types of leasing transactions during the period of analysis which could vary significantly in terms of the floor level and size of the unit leased, as well as the location, age and specifications of the factory space.

Multiple-user factory premises with higher specifications are observed to have held their rents better. JLL Research estimates (based on a representative property basket) that their average gross rent eased by only 0.5% in 2020, to about S\$3.48 per sq ft per month as of 4Q2020.

JTC Rental Indices for Private* Factory Space (2011 to 2020)

* JTC's rental indices are based on transactions of private factory developments.

Source: JTC, JLL Research

Singapore Industrial Property Market Overview

Prices

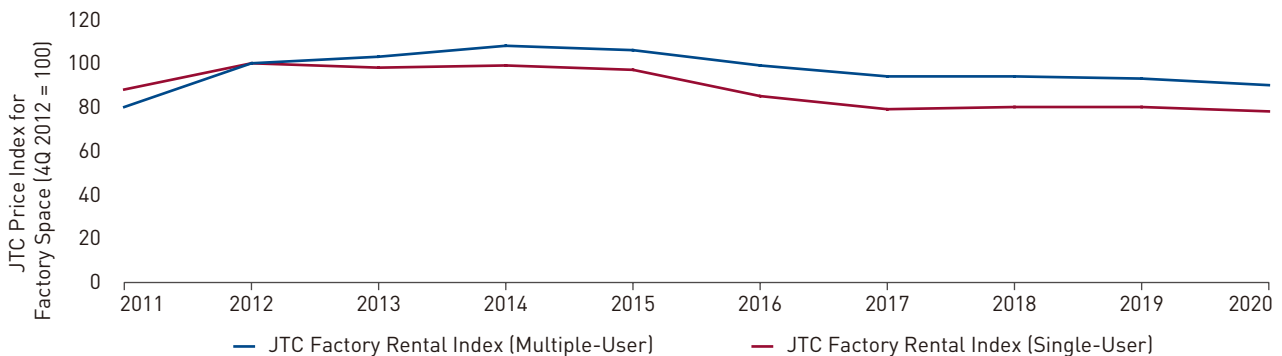
Based on JTC's data downloaded on 8 February 2021, the total number of sales transactions involving single- and multiple-user factories in 2020 held relatively steady at 2019's levels.

However, prices of single- and multiple-user factory premises eased by 1.9% and 3.2% in 2020, respectively, based on JTC's price indices. In comparison, the single-user factory price index rose marginally by 0.3%, while the multiple-user factory price index posted a slight decline of 0.6% in 2019.

According to data from JTC, the median price for single-user factory space (based on land area) as of 4Q2020, stood at S\$203 per sq ft, while the median price for multiple-user factory space (based on strata area) for the same period, stood at S\$394 per sq ft.

These median prices are based on the types of transactions during the period of analysis which could vary significantly in terms of the floor level and size of the unit, remaining tenure, as well as the location, age and specifications of the factory development.

JTC Price Indices for Factory Space (2011 to 2020)



Source: JTC, JLL Research

Market Outlook for 2021

Amid the ongoing macroeconomic headwinds and geopolitical risks, we expect most businesses to remain cautious with their space requirements, especially in 1H2021. This is despite the projected economic rebound and roll-out of COVID-19 vaccinations in 2021.

However, there could be some expansion requirements from firms in medical-related industries (e.g. pharmaceutical, life sciences) and the electronics sector. In addition, COVID-19 could have accelerated the adoption of Industry 4.0 practices by manufacturers. Coupled with the government's continued push towards higher value-

adding and value-creating manufacturing activities such as research and development ("R&D"), and advanced manufacturing, this should underpin a demand base for higher specification factory developments going forward.

Overall, we expect total net space absorption of factory space to lag the surge in total net space additions in 2021. This will result in an overall fall in the islandwide average factory occupancy rate. Against this backdrop, both factory rents and prices could also face downward pressure in 2021.

Singapore Industrial Property Market Overview

ISLANDWIDE LOGISTICS / WAREHOUSE MARKET OVERVIEW

Existing Supply, Demand and Occupancy

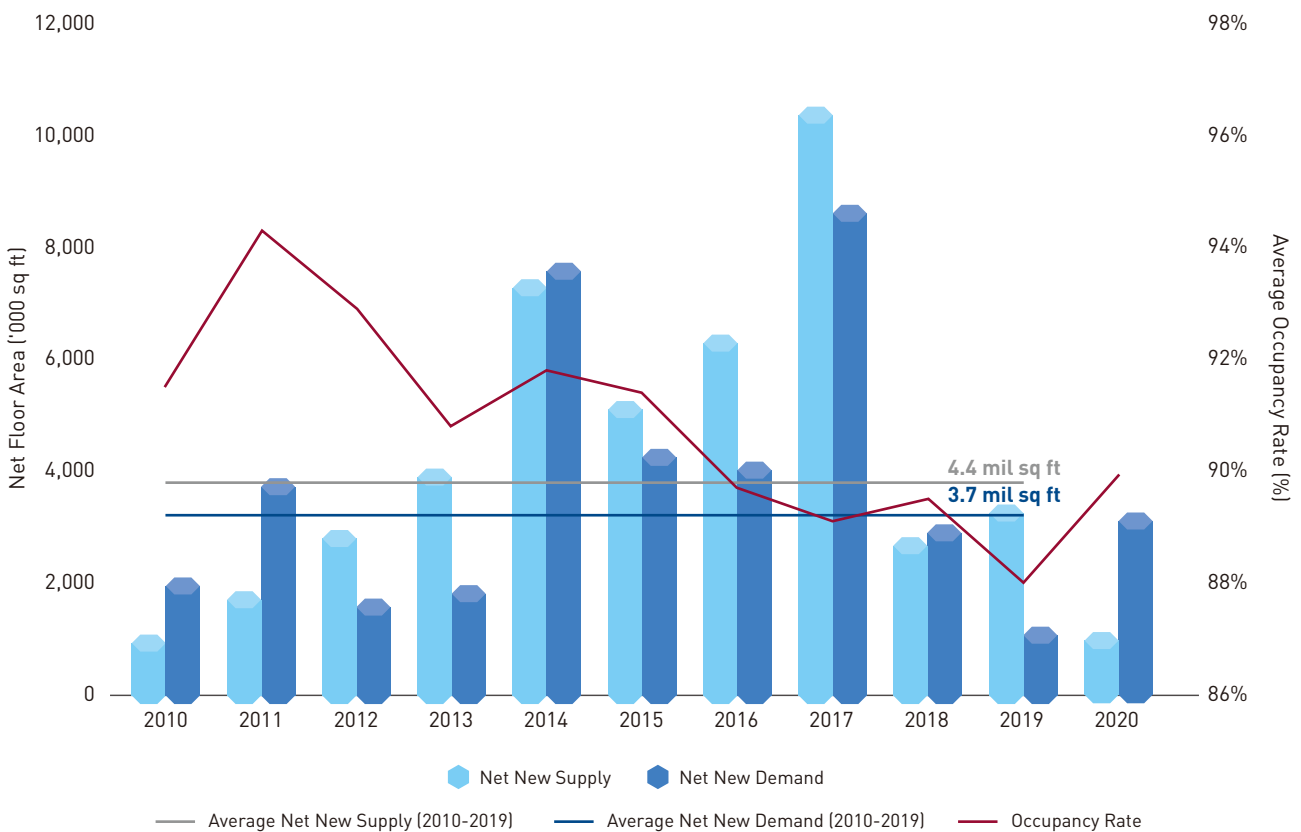
Singapore’s islandwide stock of logistics/warehouse space stood at 119.2 million sq ft as of 4Q2020, contributing to 22.1% of the total industrial stock. The bulk (i.e. 97.6%) of the supply is held by the private sector, with the public sector holding the remaining 2.4%.

In 2020, total net new supply amounted to only about 1.0 million sq ft, or less than a third of 2019’s total net new supply of 3.2 million sq ft.

Over the same period, demand for logistics/warehouse space was healthy. In particular, net absorption in 2Q2020 surged to a seven-quarter high, underpinned by renewals and increased activity involving short-term leases of up to one year to accommodate medical supplies and consumer items (e.g. from e-retailers) as safety concerns and movement controls fuelled a spike in e-commerce activities and increased stockpiling requirements.

As the overall net space absorption of 3.1 million sq ft in 2020 surpassed net space additions, the islandwide average logistics/warehouse occupancy rate climbed from 88.0% as of 4Q2019, to 89.9% as of 4Q2020.

Net New Supply, Net New Demand and Average Occupancy Rate of Logistics/Warehouse Space



Source: JTC, JLL Research

Singapore Industrial Property Market Overview

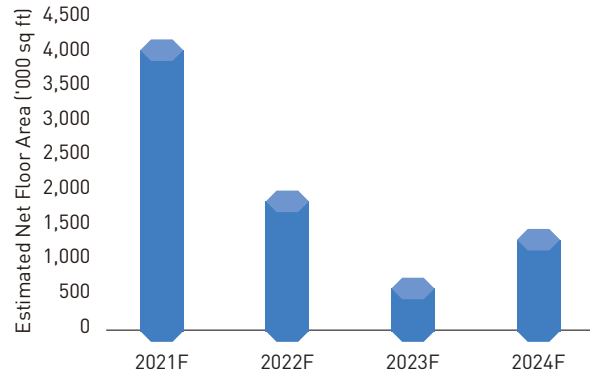
Potential Supply

Based on JTC's latest project pipeline as of 4Q2020 and JLL's research, an estimated 7.8 million sq ft⁽¹⁴⁾ (net floor area) of new logistics/warehouse space is expected to be completed from 2021 to 2024. Majority of the total upcoming supply at 50.6% is estimated to be single-user logistics/warehouse premises predominantly for self-use, while multiple-user logistics/warehouse space is expected to contribute to the balance 49.4%.

Annual new supply is expected to surge to a peak of about 4.0 million sq ft in 2021, due to the push back in projects from 2020 arising from COVID-19 disruptions. New supply is expected to taper to 1.9 million sq ft and 0.6 million sq ft in 2022 and 2023, respectively, and rise to 1.3 million sq ft in 2024.

Not accounting for stock withdrawals and change of use, this will expand the 4Q2020 islandwide stock of logistics/warehouse space by 6.6%, to about 127 million sq ft by end-2024.

Potential Supply of Logistics/Warehouse Space (2021 to 2024)



Source: JTC, JLL Research

Examples of Major* Upcoming Logistics/Warehouse Developments

Expected Year of Completion	Name of Development	Location	Planning Region	Name of Developer	Approximate Gross Floor Area (sq ft)
2021	JTC Logistics Hub@Gul	1 Gul Circle	West	JTC Corporation	1,507,916
2021	LOGOS eCommerce Hub (Phase 1)	4 Pandan Crescent	West	Pandan Crescent Pte Ltd	644,274
2021	LOGOS Tuas Logistics Hub (Phase 1)	20 Tuas South Avenue 14	West	Tuas South Avenue Pte Ltd	862,512
2021	Cogent Jurong Island Logistics Hub (Phase 1B)	15 Tembusu Crescent	West	S H Cogent Logistics Pte Ltd	941,842
2022	Warehouse development	Sunview Road	West	NTUC Fairprice Co-operative Ltd	749,276
2022	Warehouse development	2 Pioneer Sector 1	West	Soilbuild Business Space REIT	572,532
2023	LOGOS eCommerce Hub (Phase 2)	4 Pandan Crescent	West	Pandan Crescent Pte Ltd	644,274
2024	Warehouse development	Sunview Road	West	Allied Sunview Pte Ltd	1,257,332

* Refers to developments with approximate gross floor area of at least 500,000 sq ft.

Source: JTC, JLL Research

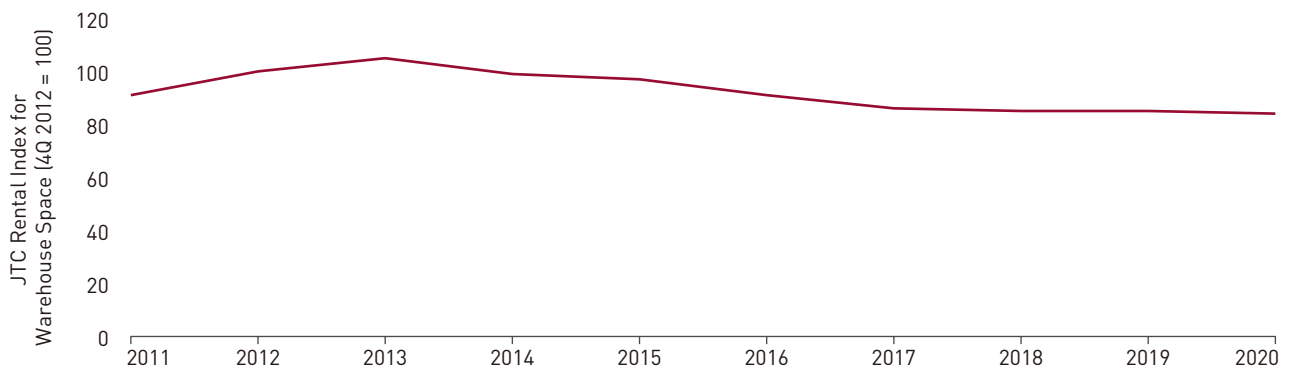
⁽¹⁴⁾ Potential supply includes space under construction and planned. However, the actual level of new supply could change due to amendments to the estimated gross floor area, as well as the status of planned projects.

Singapore Industrial Property Market Overview

Rents

Notwithstanding the improvement in the average islandwide logistics/warehouse occupancy rate, JTC's warehouse rental index, which is based on transactions of private warehouses, declined by 1.3% in 2020, after easing by a marginal 0.2% in 2019. However, JLL observes that newer and higher specifications spaces (e.g. ramp up warehouses) generally outperformed their older and conventional counterparts in occupancies and rents.

Based on data from JTC, the islandwide 25th percentile, median and 75th percentile warehouse rents stood at S\$1.40, S\$1.83 and S\$2.30 per sq ft per month, respectively, as of 4Q2020. These 25th percentile, median and 75th percentile rents are based on the number of transactions and characteristics of properties leased during the period of analysis, which could vary significantly in terms of the floor level and size of the unit leased, as well as the location, age and specifications of the logistics/warehouse developments.

JTC Rental Index for Warehouse Space (2011 to 2020)

* JTC's rental indices are based on transactions of private warehouse developments.

Source: JTC, JLL Research

Singapore Industrial Property Market Overview

Prices

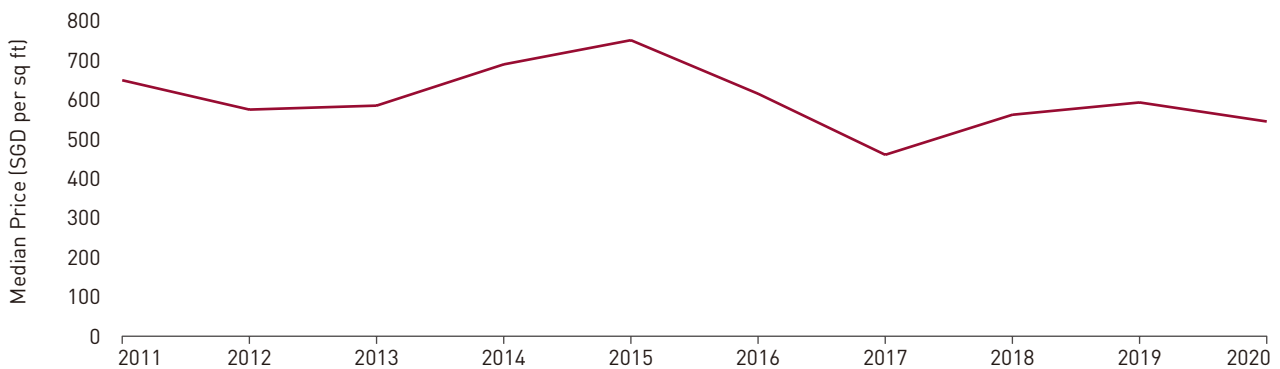
The strata-titled warehouse sales market held relatively steady in 2020, with 62 caveats captured, compared to 64 in 2019.

JTC has not published the warehouse price index since 4Q2014 due to the limitations posed by thin transactional activity. However, the median price (based on strata area) of warehouses from JTC on 8 February 2021 stood at

S\$540 per sq ft as of 4Q2020, 8.2% lower than the median price of S\$588 per sq ft as of 4Q2019.

Notwithstanding, it should be noted that the attributes of properties being transacted (e.g. floor level and size of the unit, remaining tenure, location, age and specifications of the warehouse development) have implications on the median prices of the period of analysis.

Median Prices* of Warehouse Space (2011 to 2020)



* Based on strata area

Source: JTC, JLL Research

Market Outlook for 2021

Amid anticipation of a prolonged fight against COVID-19, we expect stockpiling and e-commerce needs, as well as vaccine storage/logistics requirements, to be key demand drivers for logistics/warehouse space in 2021.

The transformation of the logistics industry is expected to gather pace as more firms embrace Industry 4.0 practices and adopt automation and the Internet of Things ("IoT") in preparation for the eventual post COVID-19 recovery. This, coupled with the adjustments to global supply chains due to COVID-19, could alter business needs and yield new logistics/warehousing requirements.

Singapore's continued progression towards higher value-adding and value-creating manufacturing activities such as R&D, specialty chemicals and addictive manufacturing (e.g. 3D printing) should also underpin end-user demand

for higher-specification logistics/warehouse facilities including specialised logistics/warehouse facilities like chemical warehouses and cold rooms.

At the same time, there is a possibility that stockpiling requirements may taper off when the COVID-19 situation stabilises or is contained. More efficient operations from automated warehouses could also lower the need to expand physical real estate footprint alongside business expansion.

Taking into consideration the above and the projected economic rebound in 2021, we expect Singapore's quantum of occupied logistics/warehouse stock to continue rising in 2021. However, we expect rents to hold relatively stable as the surge in new logistics/warehouse supply in 2021 could weigh down on the islandwide average occupancy rate and provide little impetus for rent growth.

Singapore Industrial Property Market Overview

REPORT DISCLAIMER**Limiting Conditions**

This market report ("Report") contains forward-looking statements that are provided as JLL's beliefs, expectations, forecasts or predictions for the future. All such statements relating to future matters are based on the information known to JLL at the date of preparing this document. We stress that such statements should be treated as an indicative estimation of possibilities rather than absolute certainties. The forecast process involves assumptions about a substantial number of variables, which are highly responsive to changing conditions. Variations of any one of the variables may significantly affect outcomes and JLL draws your attention to this. Therefore, JLL cannot assure that the forecasts outlined in this Report will be achieved or that such forward-looking statements outlined in this Report will prove to be correct. Interested parties must be cautioned not to place undue reliance on such statements.

Where as a result of new available information, future events or otherwise, JLL undertakes no obligation to publicly update or revise any forward-looking statements contained in this Report, except as required by law.

JLL has relied upon external third-party information in producing this Report, including the forward-looking statements. We want to draw your attention that there is no independent verification of any of the external party documents or information referred to herein. This Report is limited to the matters stated in it and no opinion is implied or may be inferred beyond the matters expressly stated herein. The information in the Report should be regarded solely as a general guide. Whilst care has been taken in its preparation, no representation is made or responsibility is accepted for the accuracy of the whole or any part.

JLL has prepared this Report to be used in the 2020 ESR-REIT Annual Report ("Annual Report"). The opinions expressed in this Report are subject to changes and therefore does not constitute, nor constitute part of, an advice, offer or a contract.

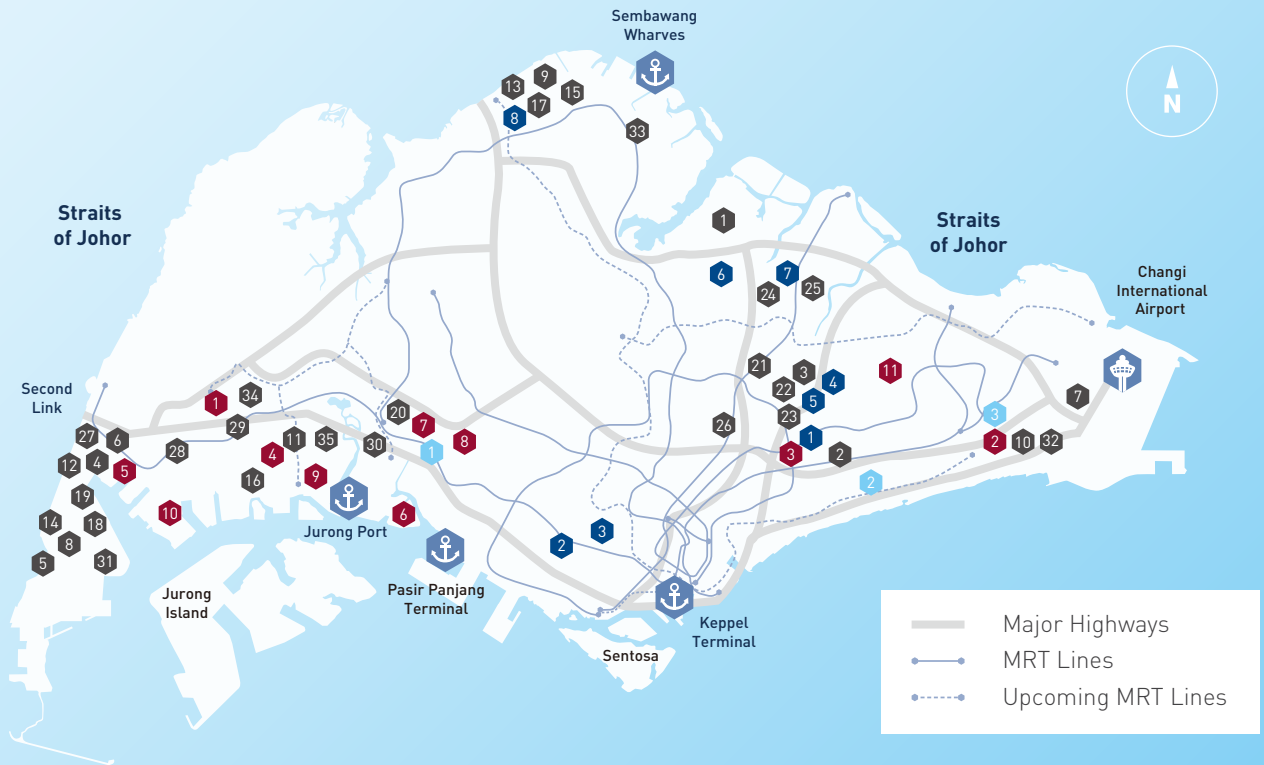
Disclaimer

1. Save for liability which cannot be excluded by law, JLL and its respective businesses, directors, officers, employees, consultants, lenders, agents or advisors do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in the Report or the Annual Report (collectively referred to as "Information"), and do not accept:
 - (a) any responsibility arising in any way for any errors in or omissions from the Information, or for any lack of truth, accuracy, completeness, currency or reliability of the Information;
 - (b) any responsibility for any interpretation that the recipient of the Information or any other person may place on the Information, or for any opinion or conclusion that the recipient of the Information or any other person may form as a result of examining the Information; and
 - (c) any liability (whether direct or indirect or consequential) for any loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind ("Losses") suffered or incurred by any person (whether foreseeable or not) as a result of or by reason of or in connection with the provision or use of the Information, or you, your representatives or advisers acting on or relying on any Information, whether the Losses arise in connection with any negligence, default or lack of care on the part of JLL or any other cause.
2. The Information is not based on any actual or implied knowledge or consideration of the investment objectives, financial situation, legal or taxation position or any other needs or requirements of the recipient of the Information and should not be construed in any way as an investment advice.

Singapore Industrial Property Market Overview

3. Any forecasts included in the Information or any other written or oral forecasts of JLL made available to you or your representative are not to be taken to be representations as to future matters. These forecasts are based on a large number of assumptions and are subject to significant uncertainties, vagaries and contingencies, some, if not all, of which are outside of the control of JLL.
4. No representation is made that any forecast will be achieved. Actual future events may vary significantly from forecasts. You should make and must rely on your own business judgment, enquiries and investigations regarding the assumptions, uncertainties and contingencies included in the Information.
5. For the avoidance of doubt, the information in the Report is based on data reasonably available to JLL as at 2 December 2020 unless otherwise specified.
6. JLL is not providing investment advisory services and makes no representation or recommendation to a prospective investor in relation to any investment opportunities.
7. No part of this report may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, including by way of email, photocopying, recording, or otherwise, without the prior written permission of JLL.
8. Acceptance or use of the Information will be taken to be acceptance by you that you will be relying on your own independent judgment, enquiries, investigations and advice.

Property Portfolio Map



BUSINESS PARKS

- 1 16 International Business Park
- 2 750 to 750E Chai Chee Road
- 3 2 & 4, 6 & 8 Changi Business Park Avenue 1

HIGH SPECS INDUSTRIAL

- 1 21 & 23 Ubi Road 1
- 2 2 Jalan Kilang Barat
- 3 11 Chang Charn Road
- 4 16 Tai Seng Street
- 5 19 Tai Seng Avenue
- 6 12 Ang Mo Kio Street 65
- 7 7000 Ang Mo Kio Avenue 5
- 8 30 Marsiling Industrial Estate Road 8

LOGISTICS / WAREHOUSE

- 1 1 Third Lok Yang Road & 4 Fourth Lok Yang Road
- 2 25 Changi South Avenue 2
- 3 160 Kallang Way
- 4 6 Chin Bee Avenue

- 5 30 Pioneer Road
- 6 48 Pandan Road
- 7 3C Toh Guan Road East
- 8 4 & 6 Clementi Loop
- 9 24 Jurong Port Road
- 10 3 Pioneer Sector 3
- 11 15 Greenwich Drive

GENERAL INDUSTRIAL

- 1 70 Seletar Aerospace View
- 2 11 Ubi Road 1
- 3 29 Tai Seng Street
- 4 81 Tuas Bay Drive
- 5 79 Tuas South Street 5
- 6 31 Tuas Avenue 11
- 7 1 & 2 Changi North Street 2
- 8 9 Tuas View Crescent
- 9 28 Senoko Drive
- 10 31 Changi South Avenue 2
- 11 22 Chin Bee Drive
- 12 2 Tuas South Avenue 2
- 13 21B Senoko Loop

- 14 60 Tuas South Street 1
- 15 28 Woodlands Loop
- 16 25 Pioneer Crescent
- 17 11 Woodlands Walk
- 18 43 Tuas View Circuit
- 19 3 Tuas South Avenue 4
- 20 30 Toh Guan Road
- 21 128 Joo Seng Road
- 22 130 Joo Seng Road
- 23 136 Joo Seng Road
- 24 11 Serangoon North Avenue 5
- 25 54 Serangoon North Avenue 4
- 26 11 Lorong 3 Toa Payoh
- 27 120 Pioneer Road
- 28 5 & 7 Gul Street 1
- 29 160A Gul Circle
- 30 30 Teban Gardens Crescent
- 31 8 Tuas South Lane
- 32 45 Changi South Avenue 2
- 33 511 & 513 Yishun Industrial Park A
- 34 86 & 88 International Road
- 35 13 Jalan Terusan

Portfolio Details

BUSINESS PARKS



1 16 International Business Park



2 750 to 750E Chai Chee Road



3 2 & 4, 6 & 8 Changi Business Park Avenue 1

HIGH-SPECS INDUSTRIAL



1 21 & 23 Ubi Road 1



2 2 Jalan Kilang Barat



3 11 Chang Charn Road



4 16 Tai Seng Street



5 19 Tai Seng Avenue



6 12 Ang Mo Kio Street 65



7 7000 Ang Mo Kio Avenue 5



8 30 Marsiling Industrial Estate Road 8

LOGISTICS / WAREHOUSE



1 1 Third Lok Yang Road & 4 Fourth Lok Yang Road



2 25 Changi South Avenue 2



3 160 Kallang Way



4 6 Chin Bee Avenue



5 30 Pioneer Road



6 48 Pandan Road



7 3C Toh Guan Road East



8 4 & 6 Clementi Loop



9 24 Jurong Port Road



10 3 Pioneer Sector 3



11 15 Greenwich Drive

GENERAL INDUSTRIAL



1 70 Seletar Aerospace View



2 11 Ubi Road 1



3 29 Tai Seng Street



4 81 Tuas Bay Drive



5 79 Tuas South Street 5



6 31 Tuas Avenue 11

Portfolio Details

GENERAL INDUSTRIAL



7 1 & 2 Changi North Street 2



8 9 Tuas View Crescent



9 28 Senoko Drive



10 31 Changi South Avenue 2



11 22 Chin Bee Drive



12 2 Tuas South Avenue 2



13 21B Senoko Loop



14 60 Tuas South Street 1



15 28 Woodlands Loop



16 25 Pioneer Crescent



17 11 Woodlands Walk



18 43 Tuas View Circuit



19 3 Tuas South Avenue 4



20 30 Toh Guan Road



21 128 Joo Seng Road

PERFORMANCE

Portfolio Details



22 130 Joo Seng Road



23 136 Joo Seng Road



24 11 Serangoon North Avenue 5



25 54 Serangoon North Avenue 4



26 11 Lorong 3 Toa Payoh



27 120 Pioneer Road



28 5 & 7 Gul Street 1



29 160A Gul Circle



30 30 Teban Gardens Crescent



31 8 Tuas South Lane



32 45 Changi South Avenue 2



33 511 & 513 Yishun Industrial Park A



34 86 & 88 International Road



35 13 Jalan Terusan

Portfolio Details



BUSINESS PARKS

Business Parks are properties that cater to industries/businesses 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.



ESR BizPark @ Chai Chee Road

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
1	16 International Business Park	Master lease	69,258	69,258	30+30	31-Jul-2056
2	750 to 750E Chai Chee Road	Multi-tenanted	1,526,762	1,132,870	60.0	31-Mar-2031
					43.0	28-Feb-2031
3	6 & 8 Changi Business Park Avenue 1 (Business Park)	Multi-tenanted	626,018	653,508	30+30	31-Jan-2068
	2 & 4 Changi Business Park Avenue 1 (Hotel)	Multi-tenanted	157,397			



S\$848.2 million

Valuation
As at 31 December 2020



28.9%

**% of Portfolio by
valuation⁽¹⁾**



2,379,435 sqft

Gross Floor Area

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$ million)	Occupancy (%) As at 31 December 2020	Rental Income (S\$ million) As at 31 December 2020	Valuation (S\$ million) As at 31 December 2020
35.6	19-Dec-14	30.4	100%	2.1	32.00
10.3	15-Oct-18	322.2	80%	35.1	278.20
10.2				15.6	
47.1	15-Oct-18	531.0	64%	9.5	538.00

⁽¹⁾ Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

Portfolio Details



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 have modern facades, air-conditioned units and sufficient floor loading, ceiling height and electrical power capacities to enable both manufacturing and office functions to be carried out concurrently.



19 Tai Seng Avenue

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
1	21 & 23 Ubi Road 1	Multi-tenanted	202,770	148,055	30+30	31-Jan-2057
2	2 Jalan Kilang Barat	Multi-tenanted	82,652	67,667	99.0	30-Jun-2062
3	11 Chang Charn Road	Multi-tenanted	97,546	73,745	99.0	31-Dec-2056
4	16 Tai Seng Street	Multi-tenanted	215,666	182,353	30+30	3-Jul-2067
5	19 Tai Seng Avenue	Multi-tenanted	120,556	93,613	30+30	10-Sep-2067
6	12 Ang Mo Kio Street 65	Multi-tenanted	180,424	165,268	30+30	15-Oct-2050
7	7000 Ang Mo Kio Avenue 5 ⁽¹⁾	Multi-tenanted	1,073,233	819,323	32+30	29-Jan-2057
8	30 Marsiling Industrial Estate Road 8	Multi-tenanted	217,840	187,055	30+30	30-Nov-2049

⁽¹⁾ Information has been presented on 100% basis which includes a 20% non-controlling interest.



S\$522.8 million

Valuation
As at 31 December 2020



17.8%

**% of Portfolio by
valuation⁽²⁾**



2,190,687 sqft

Gross Floor Area

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$ million)	Occupancy (%) As at 31 December 2020	Rental Income (S\$ million) As at 31 December 2020	Valuation (S\$ million) As at 31 December 2020
36.1	25-Jul-06	25.0	84%	3.4	36.40
41.5	25-Jul-06	20.0	77%	1.4	28.50
36.0	31-Mar-14	32.0	42%	1.4	28.50
46.5	29-May-12	72.9	73%	3.7	58.50
46.7	15-Oct-18	47.5	27%	1.0	44.80
29.8	13-Sep-14	39.8	91%	2.3	37.60
36.1	13-Dec-17	240.0	97%	25.5	302.50
28.9	24-Oct-12	39.0	100%	4.1	46.50

⁽²⁾ Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

Portfolio Details



LOGISTICS / WAREHOUSE

Buildings classified as Logistics/Warehouse properties are typically equipped with high floor loading and high floor-to-ceiling height. Such buildings are typically multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.



48 Pandan Road

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
1	1 Third Lok Yang Road & 4 Fourth Lok Yang Road	Master lease	114,111	114,111	30	15-Dec-2031
2	25 Changi South Avenue 2	Master lease	72,998	72,998	30+30	15-Oct-2054
3	160 Kallang Way	Master lease	322,604	322,604	30+30	15-Feb-2033
4	6 Chin Bee Avenue	Master lease	324,166	324,166	30.0	15-Oct-2043
5	30 Pioneer Road	Master lease	281,101	281,101	30.0	15-Feb-2037
6	48 Pandan Road ⁽¹⁾	Master lease	1,093,415	1,009,578	24	31-Oct-2043
7	3C Toh Guan Road East	Multi-tenanted	192,864	173,102	30+30	15-Feb-2051
8	4 & 6 Clementi Loop	Multi-tenanted	300,920	247,793	30+30	30-Sep-2053
9	24 Jurong Port Road	Multi-tenanted	817,021	713,383	30+12	28-Feb-2037
10	3 Pioneer Sector 3	Multi-tenanted	716,510	645,534	30+30	15-Dec-2050
11	15 Greenwich Drive	Multi-tenanted	455,396	453,006	30	15-Dec-2041

⁽¹⁾ Information has been presented on 100% basis, in which ESR-REIT holds 49% interest through a joint venture, PTC Logistics Hub LLP. ESR-REIT applies the equity method to account for its interest in PTC Logistics Hub LLP.



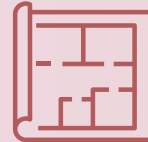
S\$642.9 million

Valuation
As at 31 December 2020



21.9%

**% of Portfolio by
valuation⁽²⁾**



4,691,104 sqft

Gross Floor Area

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$ million)	Occupancy (%) As at 31 December 2020	Rental Income (S\$ million) As at 31 December 2020	Valuation (S\$ million) As at 31 December 2020
11.0	25-Jul-06	12.4	100%	1.1	10.4
33.8	25-Jul-06	7.3	100%	0.8	12.2
12.1	25-Jul-06	23.2	100%	2.7	25.1
22.8	15-Oct-18	94.3	100%	7.7	96.4
16.1	15-Oct-18	54.0	100%	4.2	41.4
22.8	07-Aug-19	225.0	100%	17.5	224.1
30.1	30-Jan-12	35.5	76%	1.7	30.5
32.8	13-Jun-11	63.4	76%	2.9	39.2
16.2	25-Jul-06	96.0	96%	6.2	85.2
30.0	25-Jul-06	93.4	99%	7.7	96.2
21.0	25-Oct-18	95.8	100%	7.1	96.5

⁽²⁾ Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

Portfolio Details



GENERAL INDUSTRIAL

General industrial buildings can be single or multi-storey facilities dedicated to general and heavy manufacturing or factory and storage activities.



3 Tuas South Avenue 4

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
1	70 Seletar Aerospace View	Master lease	53,729	53,729	30	15-Oct-2041
2	11 Ubi Road 1	Master lease	253,058	253,058	Plot 1: 30+30 Plot 2: 21+30	31-Aug-2055
3	29 Tai Seng Street	Master lease	85,070	85,070	30+30	30-Apr-2067
4	81 Tuas Bay Drive	Master lease	107,567	107,567	60	18-Jul-2066
5	79 Tuas South Street 5	Master lease	67,942	67,942	30+30	31-Jan-2060
6	31 Tuas Avenue 11	Master lease	75,579	75,579	30+30	31-Mar-2054
7	1 Changi North Street 2	Master lease	125,870	125,870	30+30	28-Feb-2061
	2 Changi North Street 2	Master lease			30+30	22-Nov-2065
8	9 Tuas View Crescent	Master lease	71,581	71,581	30+30	15-Jul-2058
9	28 Senoko Drive	Master lease	159,338	159,338	30+30	15-Dec-2039
10	31 Changi South Avenue 2	Master lease	59,697	59,697	30+30	28-Feb-2055
11	22 Chin Bee Drive	Master lease	120,653	120,653	30	15-Sep-2035
12	2 Tuas South Avenue 2	Master lease	217,351	217,351	60	3-Jan-2059
13	21B Senoko Loop	Master lease	195,823	195,823	30+30	31-Jan-2053



S\$924.7 million

Valuation
As at 31 December 2020



31.4%

**% of Portfolio by
valuation⁽¹⁾**



5,864,121 sqft

Gross Floor Area

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$ million)	Occupancy (%) As at 31 December 2020	Rental Income (S\$ million) As at 31 December 2020	Valuation (S\$ million) As at 31 December 2020
20.8	22-Nov-12	8.5	100%	0.7	7.3
34.7	15-Oct-18	83.9	100%	6.0	87.3
46.4	15-Oct-18	32.9	100%	1.9	35.5
45.6	15-Oct-18	28.0	100%	2.0	28.0
39.1	30-Apr-08	10.4	100%	0.6	10.7
33.3	25-Jul-06	8.7	100%	0.6	12.1
40.2	19-Oct-10	22.1	100%	1.4	22.4
44.9					
37.6	25-Jul-06	5.6	100%	0.2	10.0
19.0	25-Jun-07	12.0	100%	1.8	13.6
34.2	27-Jul-07	5.8	100%	0.9	13.2
14.7	28-Sep-10	15.0	N.A.	N.A.	14.3
38.0	25-Jul-06	23.0	100%	2.4	36.7
32.1	28-Jan-08	27.8	100%	1.7	27.5

⁽¹⁾ Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

Portfolio Details



GENERAL INDUSTRIAL

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
14	60 Tuas South Street 1	Master lease	44,675	44,675	30	15-Mar-2035
15	28 Woodlands Loop	Master lease	131,859	131,859	30+30	15-Oct-2055
16	25 Pioneer Crescent	Master lease	76,003	76,003	30+28	31-Jan-2067
17	11 Woodlands Walk	Master lease	96,625	96,625	30+30	15-Oct-2055
18	43 Tuas View Circuit	Master lease	122,836	122,836	30	31-Jan-2038
19	3 Tuas South Avenue 4	Master lease	315,522	315,522	30+30	30-Apr-2059
20	30 Toh Guan Road	Multi-tenanted	332,001	286,515	30+30	15-Aug-2055
21	128 Joo Seng Road	Multi-tenanted	92,849	73,897	30+30	30-Apr-2052
22	130 Joo Seng Road	Multi-tenanted	118,320	91,945	30+30	30-Nov-2051
23	136 Joo Seng Road	Multi-tenanted	101,321	78,189	30+30	30-Sep-2050
24	11 Serangoon North Avenue 5	Multi-tenanted	146,619	112,089	30+30	15-Apr-2057
25	54 Serangoon North Avenue 4	Multi-tenanted	139,249	115,388	30+30	15-Jun-2056
26	11 Lorong 3 Toa Payoh	Multi-tenanted	418,586	348,103	60	15-May-2029
27	120 Pioneer Road	Multi-tenanted	248,037	215,970	30+28	15-Feb-2055
28	5 & 7 Gul Street 1	Multi-tenanted	98,864	87,201	29.5	30-Sep-2037
29	160A Gul Circle	Multi-tenanted	86,075	80,203	27	29-Sep-2040
30	30 Teban Gardens Crescent	Multi-tenanted	139,525	119,577	10+22	31-May-2039
31	8 Tuas South Lane	Multi-tenanted	781,124	739,814	30+16	31-Mar-2054
32	45 Changi South Avenue 2	Multi-tenanted	73,684	64,215	30+30	31-Aug-2055
33	513 Yishun Industrial Park A	Multi-tenanted	224,689	200,217	30+30	30-Nov-2053
	511 Yishun Industrial Park A	Multi-tenanted			29+30	31-May-2054
34	86 & 88 International Road	Multi-tenanted	237,229	237,229	30+30	15-Dec-2054
35	13 Jalan Terusan	Multi-tenanted	245,172	229,984	28	24-Mar-2035

Portfolio Details

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$ million)	Occupancy (%) As at 31 December 2020	Rental Income (S\$ million) As at 31 December 2020	Valuation (S\$ million) As at 31 December 2020
14.2	29-Jun-11	6.4	100%	0.5	4.1
34.8	25-Jul-06	13.0	100%	1.5	17.3
46.1	29-Mar-12	15.3	100%	1.2	16.4
34.8	29-Oct-12	17.3	100%	1.3	17.4
17.1	21-Sep-12	13.5	100%	1.6	17.4
38.4	19-Mar-13	15.0	100%	2.5	43.0
34.6	25-Jul-06	35.0	95%	4.8	58.4
31.4	25-Jun-07	10.0	96%	1.1	11.7
30.9	25-Jul-06	12.0	100%	1.4	15.3
29.8	25-Jul-06	10.3	100%	1.0	12.6
36.3	25-Jul-06	14.0	85%	1.8	20.0
35.5	01-Mar-13	21.0	99%	2.3	22.0
8.4	15-Oct-18	60.0	84%	8.6	51.5
34.1	24-Oct-07	31.1	66%	1.8	36.5
16.8	15-Jul-11	14.5	66%	0.7	13.9
19.8	13-May-15	19.1	82%	0.6	13.7
18.4	17-Mar-14	41.0	100%	1.8	30.5
33.3	13-Dec-17	106.1	92%	4.9	103.7
34.7	25-Jul-06	8.3	68%	0.5	10.3
32.9					
33.4	30-Nov-10	32.6	59%	1.3	25.6
34.0	25-Jul-06	30.8	100%	3.2	39.8
14.2	30-Jan-13	43.0	100%	1.7	25.0

Corporate Governance

ESR-REIT is a real estate investment trust, externally managed by ESR Funds Management (S) Limited ("ESR-FM" or the "Manager") with RBC Investor Services Trust Singapore Limited, as the trustee of ESR-REIT. The Manager also acts as the manager of ESR-REIT's sub-trust, Viva Trust, with Perpetual (Asia) Limited as the trustee of Viva Trust.

ESR-REIT was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") in 2006.

The Manager holds a Capital Markets Services Licence ("CMS Licence") issued by the Monetary Authority of Singapore ("MAS") to carry out REIT management activities under the Securities and Futures Act ("SFA"). Under its CMS Licence, the Manager appoints representatives to conduct REIT management activities and hires qualified and experienced executives in the management of its operations.

The Manager has general powers of management to manage ESR-REIT's assets and liabilities for the benefit of ESR-REIT unitholders ("Unitholders"). The Manager's key roles and responsibilities include:

- setting the strategic direction of ESR-REIT;
- providing recommendations to the trustees on the acquisition, property development, divestment and/or enhancement of assets of ESR-REIT in accordance with its stated investment strategy;
- ensuring effective capital management to ensure continuous liquidity and financial flexibility for operations;
- ensuring 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 of SGX-ST ("Listing Manual"), the Code on Collective Investment Schemes ("CIS Code") (including its property funds appendix ("Property Funds Appendix")), the Trust Deed, written directions, notices and other guidelines that MAS may issue from time to time; and
- supervising ESR Property Management (S) Pte. Ltd., which performs the day-to-day property management functions for ESR-REIT's properties, to ensure that it meets its objectives pursuant to the property management agreement.

The Manager is committed to maintaining high standards of corporate governance and is of the view that sound corporate governance policies and practices are essential to protect the assets of ESR-REIT and the interests of its Unitholders and to enhance the value of Unitholders' investment in ESR-REIT.

This report outlines the Manager's corporate governance practices and structures that were in place during the financial year ended 31 December 2020 ("FY2020"), with specific reference made to the Code of Corporate Governance 2018 (the "CG Code"), its related practice guidance as well as the guidelines from Code of Corporate Governance 2012 ("CG Code 2012") which are still in effect. Where there are deviations from any of the principles and/or provisions of the CG Code and CG Code 2012, appropriate explanations have been provided in this report.

Principles of the CG Code

Board Matters

Principle 1	The Board's Conduct of Affairs
Principle 2	Board Composition and Guidance
Principle 3	Chairman and Chief Executive Officer
Principle 4	Board Membership
Principle 5	Board Performance

Remuneration Matters

Principle 6	Procedures for Developing Remuneration Policies
Principle 7	Level and Mix of Remuneration
Principle 8	Disclosure on Remuneration

Accountability and Audit

Principle 9	Risk Management and Internal Controls
Principle 10	Audit Committee

Unitholder Rights and Engagement

Principle 11	Unitholder Rights and Conduct of General Meetings
Principle 12	Engagement with Unitholders

Managing Stakeholders Relationships

Principle 13	Engagement with Stakeholders
--------------	------------------------------

BOARD MATTERS**Principle 1: The Board's Conduct of Affairs****Board and Board Committees Composition**

As at the date of this report, the Board of Directors ("Board") has 10 members and the composition of the Board Committees are as follows:

Composition of Board		Composition of Board Committees		
Name	Designation	C- Chairman; M- Member		
		ARCC ⁽¹⁾	NRC ⁽²⁾	EXCO ⁽³⁾
Mr. Ooi Eng Peng	Independent Non-Executive Chairman	M	C	C
Mr. Khor Un-Hun	Independent Non-Executive Director	C	—	—
Dr. Leong Horn Kee	Independent Non-Executive Director	M	—	—
Mr. Ronald Lim	Independent Non-Executive Director	M	M	—
Ms. Stefanie Yuen Thio	Independent Non-Executive Director	M	—	—
Mr. Philip Pearce	Non-Executive Director	—	—	M
Mr. Jeffrey Perlman	Non-Executive Director	—	M	M
Mr. Tong Jinqun	Non-Executive Director	—	—	—
Mr. Wilson Ang	Non-Executive Director	—	—	—
Mr. Adrian Chui	Chief Executive Officer and Executive Director	—	—	M

Notes:

⁽¹⁾ The Audit, Risk Management and Compliance Committee ("ARCC") comprises 5 members, all of whom, including the ARCC Chairman, are independent. All members of the ARCC are non-executive Directors.

⁽²⁾ The Nominating and Remuneration Committee ("NRC") comprises 3 members, majority of whom, including the NRC Chairman, are independent. All members of the NRC are non-executive Directors.

⁽³⁾ The Executive Committee ("EXCO") comprises 4 members.

Corporate Governance

Role of Board

The Board's primary responsibility is to lead and to supervise the management of the business and affairs of the Manager and ESR-REIT, to ensure that ESR-REIT is managed in the best interests of all Unitholders. The Board seeks to align the interests of ESR-REIT with that of Unitholders and to balance the interests of other stakeholders.

The Board's principal functions include:

- ensuring the Manager discharges its duties to act in the best interests of all Unitholders and to give priority to the interests of the Unitholders over the interest of the Manager and its shareholders in the event of conflict between the interests of the Unitholders and those of the Manager or its shareholders;
- providing entrepreneurial leadership, reviewing and setting strategic directions and major corporate policies, ensuring that the necessary financial and human resources are in place for the Manager to meet its objectives and monitoring the organisational performance towards these objectives;
- establishing a framework of adequate and effective risk management systems, internal controls and financial reporting systems to safeguard Unitholders' interest and ESR-REIT's assets;
- reviewing Manager's performance to enhance Unitholders' value;
- setting the Manager's values and standards of conduct and appropriate tone from the top in respect of the desired organisational culture and ensuring proper accountability within the Manager; and
- considering sustainability issues (including environmental and social factors) as part of its strategic formulation.

The Board has approved a set of delegations of authority which sets out financial approval limits for investments and divestments, bank borrowings, capital expenditure and cheque signatories. Certain transactions which are reserved for Board's approval include material acquisition, divestment and development proposals, fund-raising activities, income distributions and other returns to Unitholders and operational matters exceeding the prescribed limits. Approval sub-limits are also provided at various management level to facilitate operational efficiency.

The directors of the Manager ("Directors") have fiduciary responsibilities and are collectively and individually obliged at all times to act honestly and objectively in the best interests of ESR-REIT and its Unitholders. In line with this, the Board has adopted a policy to address all potential conflicts of interest. All Directors are required to notify the Board as soon as he or she becomes aware of any conflict of interest which may exist or might reasonably be thought to exist. Directors are also required to recuse themselves from all deliberations and abstain from voting in relation to the matters which he or she has a conflict of interest in. All directors have complied with this policy and where relevant such compliance has been duly recorded in the minutes of meeting or written resolutions.

To facilitate effective management, certain functions have been delegated to various board committees, each of which has its own written terms of reference and whose actions are reported to, and monitored by, the Board. These board committees are the ARCC, NRC and the EXCO (collectively, the "Board Committees"). Membership of the various Board Committee is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

Meetings of Board, Board Committees and General Meetings

The Board meets on a quarterly basis, and on such other occasions that necessitate its involvement to review ESR-REIT's business performance and deliberate on business strategy, including any acquisitions, disposals, fund-raising etc. Members of the Board also meet periodically without the presence of management team of the Manager ("Management") to discuss and review Management's performance. The Manager's Constitution permits Board meetings to be held by way of telephone conference or by means of similar communication equipment by which all persons participating in the meeting are able to hear and be heard by all other participants. Where exigencies prevent a director attending a meeting in person, the director may provide his/her comments to the Board or relevant Board Committee prior to the meeting and the comments will be taken into consideration in the deliberation. The Board and Board Committees may also make decisions by way of resolutions in writing.

The Directors' attendance for the meetings of the Board, the ARCC, the NRC and the general meetings of ESR-REIT held in FY2020 is as follows.

	Board ⁽¹⁾	ARCC	NRC ⁽²⁾	AGM ⁽³⁾	EGM ⁽⁴⁾
Number of meetings held	10	5	1	1	1
Name of Director	Number of meetings attended				
Mr. Ooi Eng Peng	10	5	1	1	1
Mr. Bruce Berry ⁽⁵⁾	4	2	—	1	N.A.
Mr. Khor Un-Hun ⁽⁵⁾	6	3	—	N.A.	1
Dr. Leong Horn Kee	10	5	—	1	1
Mr. Ronald Lim	10	5	1	1	1
Ms. Stefanie Yuen Thio	10	5	—	1	1
Mr. Philip Pearce	8	5*	—	1	1
Mr. Jeffrey Perlman	8	2*	1	1	1
Mr. Tong Jinquan ⁽⁶⁾	0	0	—	1 ⁽⁷⁾	Absent
Mr. Wilson Ang	10	4*	—	1	1
Mr. Adrian Chui	10	5*	1*	1	1

* by invitation

Notes:

⁽¹⁾ Not including other meetings attended by directors with Management.

⁽²⁾ Not including occasions when NRC papers were circulated to the NRC members for approval with no physical meetings held.

⁽³⁾ Annual general meeting held on 5 June 2020.

⁽⁴⁾ Extraordinary general meeting held on 4 December 2020.

⁽⁵⁾ Mr. Khor Un-Hun replaced Mr. Bruce Berry as the Independent Non-Executive Director and ARCC Chairman on 6 June 2020.

⁽⁶⁾ Due to language barrier, Mr. Tong Jinquan has requested for a representative to attend and listen in on behalf of him.

⁽⁷⁾ Though Mr. Tong Jinquan did not attend the meetings, he had provided his approvals (where relevant) to the relevant resolutions put up for these meetings.

Both NRC and EXCO regularly reviewed and approved matters tabled via circulation, when necessary, in FY2020.

Directors' Training and Orientation

All newly appointed directors are given induction training which covers business activities of ESR-REIT, its strategic directions, the regulatory environment in which ESR-REIT and the Manager operate, and the Manager's corporate governance practices. Property tours are also organised to allow new directors to familiarise with the properties within the ESR-REIT's portfolio. Letters of appointment are issued to directors upon their appointment, setting out their duties and responsibilities to the Manager and ESR-REIT.

Where a director has no prior experience as a director of an issuer listed on the SGX-ST, the director has to undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST and such training shall be completed within one year of the appointment.

To enable the Directors to properly discharge their duties and responsibilities as Board or Board Committee members, the Directors are provided with routine updates by the Management and/or professionals on developments and changes to relevant laws, regulations and accounting standards affecting ESR-REIT and/or the Manager. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties.

Corporate Governance

Access to Information, Management, and Professionals

All Directors have unrestricted access to both ESR-REIT and the Manager's records and information. The Board is provided with timely and complete information both prior to board meetings and on an ongoing basis so as to allow the Board to make informed decisions to discharge its duties and responsibilities.

Generally, board papers are distributed at least one week prior to the meetings to ensure that Directors have sufficient time to review the information provided. The information provided to the Board includes financial results, market and business developments, business and operational information. However, sensitive matters may be tabled at the meeting itself, or discussed without papers being distributed. Parties who can provide relevant information on matters tabled at meetings will be in attendance to provide further information that may be required. Directors are able to securely access and read board papers and materials electronically via an electronic Board Papers Portal at any place and any time, using electronic or mobile devices.

A one-day off-site business overview and Board strategy meeting is organised annually for an in-depth discussion between the Board and the Management on strategic issues and directions pertaining to ESR-REIT and the Manager. Where appropriate, the Management arranges for the Directors to visit the properties to better appraise the Directors of ESR-REIT's business. Due to the Covid-19 situation in 2020, the off-site business overview and strategy meeting did not take place. However, the Board continued to have in-depth discussion on strategic issues throughout the year and thus, there were more board meetings held in 2020 as compared to the previous years.

Board members have separate and independent access to Management as well as to the Company Secretary. Management remains available at all times to answer any query raised by any Director while the Company Secretary attends all Board meetings and ensures that board procedures and applicable rules and regulations are complied with. Frequent dialogues and interaction take place between Management and the Directors. The Company Secretary, together with the Chief Executive Officer ("CEO"), ensure good information flows between Management and the Directors. The appointment and removal of the Company Secretary is subject to Board's approval.

The Board engages independent professional advice as and when necessary, with approval from the Chairman of the Board, to enable it to discharge its responsibilities effectively. Individual Director can seek independent professional advice with the consent of the Chairman of the Board or ARCC Chairman. For complex matters, the Board may from time to time appoint a subcommittee to assist the Board in its deliberations and to provide recommendations.

Principle 2: Board Composition and Guidance

The Board presently consists of 10 members: 5 independent directors, 4 non-executive directors and 1 executive director. Non-executive directors make up a majority of the Board. The Chairman of the Board is Mr. Ooi Eng Peng, who is an independent director. As such, no lead independent director is appointed.

This complies with Guideline 2.1 of the CG Code 2012 (which is effective till 31 December 2021) where independent directors make up at least one-third of the Board as well as Regulation 13D(3)(a) of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations") which requires at least half of the Board to comprise independent directors.

The current Board is represented by members with a breadth of expertise in banking, finance, accounting, human resource, legal, real estate and management. The Board believes that the current board size, composition and balance between executive, non-executive and independent directors is appropriate and provides sufficient diversity without interfering with efficient and effective decision making. It allows for a balanced exchange of views, robust deliberations and debates among members and effective oversight over Management, ensuring no individual or small group dominates the Board's decisions or its process.

With the background of skills, experience and core competencies of its members, the Board is of the view that it has the appropriate diversity of talent, gender, expertise and experience, skills needed in the strategic direction and planning of the business of ESR-REIT.

Board Diversity

The Board adopted a Board Diversity Policy as it believes that a diverse Board will enhance the decision-making of the Board by utilising a variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board.

The composition of the Board is reviewed periodically by the NRC to ensure that the board size is appropriate and comprises directors with an appropriate mix of expertise, skills, diversity and experience to discharge their duties and responsibilities and to complement ESR-REIT's long-term objectives and strategies.

In the process of searching for qualified persons to serve on the Board, the NRC strives for the inclusion of diverse groups and viewpoints. The final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard to the benefits of diversity on the Board.

Board Independence

The NRC assesses annually (and as and when circumstances require) the independence of each director based on the definitions and guidelines of independence set out in the Listing Manual, CG Code and SF(LCB) Regulations. The results of the assessment will be tabled to the Board for Board's consideration on the independence of the directors.

For the purpose of Regulation 13E(b) of SF(LCB) Regulations, the Board of the Manager, after considering the relevant requirements under the SF(LCB) Regulations, wishes to set out its views in respect of each of the Directors as follows:

Name of Director	had been independent from the management of the Manager and ESR-REIT during FY2020	had been independent from any business relationship with the Manager and ESR-REIT during FY2020	had been independent from every substantial shareholder of the Manager and every substantial unitholder of ESR-REIT during FY2020	had not been a substantial shareholder of the Manager or a substantial unitholder of ESR-REIT during FY2020	had not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2020
Mr. Ooi Eng Peng	✓	✓	✓	✓	✓
Mr. Khor Un-Hun	✓	✓	✓	✓	✓
Dr. Leong Horn Kee	✓	✓	✓	✓	✓
Mr. Ronald Lim	✓	✓	✓	✓	✓
Ms. Stefanie Yuen Thio	✓	✓	✓	✓	✓
Mr. Philip Pearce ⁽¹⁾	✗	✓	✗	✓	✓
Mr. Jeffrey Perlman ⁽²⁾	✗	✓	✗	✓	✓
Mr. Tong Jinquan ⁽³⁾	✗	✓	✗	✗	✓
Mr. Wilson Ang ⁽⁴⁾	✗	✓	✓	✓	✓
Mr. Adrian Chui ⁽⁵⁾	✗	✓	✗	✓	✓

Notes:

⁽¹⁾ Mr. Philip Pearce is the CEO of ESR Australia and director of certain entities within the ESR Group other than the Manager. As such, Mr. Philip Pearce is deemed not to be (a) independent from management relationship with the Manager by virtue of his employment within the ESR Group, (b) independent from every substantial shareholder of the Manager and every substantial unitholder of ESR-REIT by virtue of his directorships on certain entities within the ESR Group.

⁽²⁾ Mr. Jeffrey Perlman is the Chairman of ESR Cayman Limited and also serves on the Board of Directors for ESR Cayman Limited. ESR Cayman Limited is a controlling shareholder of the Manager and owns 100% of the issued share capital of e-Shang Jupiter Cayman Limited, which in turn owns the entire issued share capital of e-Shang Infinity Cayman Limited. e-Shang Infinity Cayman Limited is a substantial unitholder of ESR-REIT. As such, Mr. Jeffrey Perlman is deemed not to be independent.

⁽³⁾ Mr. Tong Jinquan is the director and ultimate beneficial owner of Shanghai Summit Pte. Ltd., which is a substantial shareholder of the Manager. Mr. Tong Jinquan is also a substantial unitholder of ESR-REIT. As such, Mr. Tong Jinquan is deemed not to be independent.

⁽⁴⁾ Mr. Wilson Ang was a Senior Adviser of the Manager until 31 October 2019. As such, he was considered employed by the Manager within the past three financial years and deemed not to be independent.

⁽⁵⁾ As CEO and Executive Director of the Manager, Mr. Adrian Chui is considered employed by the Manager and deemed not to be independent.

Corporate Governance

For the purposes of Regulation 13E(b)(iii) of the SFLCB Regulations, the Board is satisfied that, as at the last day of FY2020, Mr. Philip Pearce, Mr. Jeffrey Perlman, Mr. Tong Jinquan, Mr. Wilson Ang, and Mr. Adrian Chui, were able to act in the best interests of all the Unitholders of ESR-REIT that was managed by the Manager.

All Independent Directors are subject to an annual independence assessment, conducted by the NRC. These Directors are required to fill up self-declaration forms whereby the NRC will review each Director's self-declaration and assess whether any disclosed or undisclosed relationship or factor may influence the Director's ability to act independently. Each member of the NRC and Board recused himself/herself when his/her independence is tabled for assessment. With respect to FY2020, the NRC has tabled the result of the assessment and made recommendation to the Board on the independence of each independent Director. Based on the review, the Board considers the following Directors to be independent:

- Mr. Ooi Eng Peng
- Mr. Khor Un-Hun
- Dr. Leong Horn Kee
- Mr. Ronald Lim
- Ms. Stefanie Yuen Thio

Principle 3: Chairman and Chief Executive Officer

The positions of the Chairman and the CEO of the Manager are held by separate individuals to ensure a clear division of responsibilities. The Non-Executive Independent Chairman is Mr. Ooi Eng Peng, whereas the CEO is Mr. Adrian Chui. The Chairman and the CEO are not related to each other so as to maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. As such, no lead independent director is appointed.

The Chairman leads the Board discussion while fostering a culture of openness and debate that renders the Board effective. He facilitates active contributions by the Directors and promotes high standards of corporate governance and transparency. The Chairman also performs a significant leadership role by providing clear oversight and guidance to the Management on strategic issues.

The CEO has full executive responsibilities over the business direction and operational decisions in managing ESR-REIT and is responsible for implementing strategies and policies approved by the Board. He ensures the quality and timeliness of the flow of information between Management and the Board, Unitholders and other stakeholders.

Principle 4: Board Membership

Nominating and Remuneration Committee

The NRC comprises 3 Directors, the majority of whom, including the Chairman of the NRC, are independent. They are:

1. Mr. Ooi Eng Peng (Chairman)
2. Mr. Ronald Lim (Member)
3. Mr. Jeffrey Perlman (Member)

The NRC is guided by its written terms of reference with principal functions as follows:

- reviewing of structure, size and composition of the Board and Board Committees;
- reviewing and recommending candidates for the appointment or re-appointment of directors to the Board and Board Committees;
- overseeing the appointment of CEO and key management personnel (collectively, the "KMP");
- overseeing the development and maintenance of succession plans for the directors and KMP;
- reviewing and recommending a general framework of remuneration for the directors and KMP, which covers all aspects of remuneration, including fees, salaries, allowances, bonuses, option plans and benefits-in-kind; and
- reviewing and recommending to the Board the specific remuneration packages for directors and KMP.

Selection and Appointment of Directors

The NRC regularly reviews the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board. All new appointments, selection and re-appointment of Directors are reviewed and proposed by the NRC.

In identifying the right candidate for appointment to the Board, the NRC takes into consideration, among others, the following:

- requirements in the Listing Manual and the CG Code, as well as the factors in the Board Diversity Policy;
- candidate's capability and how he/she could meet the needs of ESR-REIT and simultaneously complement the skillset of other Board members; and
- candidate's ability to commit available time to discharge his/her responsibilities as a director.

During the search process, the NRC may tap on the personal contacts of current directors, senior management and/or Manager's shareholders for recommendations of prospective candidates. The NRC will also consider the use of external search firms where necessary at the Manager's expense. The NRC will then shortlist and interview the candidates to assess their suitability. Once a candidate is selected, the NRC conducts due diligence before putting it up to the Board for approval. Appointment of directors is also subject to MAS' approval.

There were no alternate directors appointed in FY2020. In keeping with the principle that a director must be able to commit his/her time and attention to the affairs of ESR-REIT and its subsidiaries (the "Group"), the Board will generally not approve the appointment of alternate directors.

Review of Directors' Time Commitments

Directors are required to devote sufficient time and attention to the affairs of ESR-REIT and the Manager to adequately discharge their duties and responsibilities. The NRC reviews each Director's major commitments including employment and listed company directorships to determine whether the Director has and can suitably fulfil his/her duties as a director of the Manager.

No limit has been formally set by the Board on the number of listed company board representations and principal commitments of each Director. The Board is of the view that the Director's ability to discharge his/her duties should be evaluated by a qualitative assessment of the Director's contributions, after taking into account his/her other listed company board representations and other principal commitments, and not guided by a numerical limit. A director with multiple directorships and principal commitments is expected to ensure that he/she can devote sufficient time and attention to the affairs of ESR-REIT and the Manager.

The Board is satisfied that all Directors have been adequately discharging their duties as Directors of the Manager, notwithstanding their existing multiple board representations and principal commitments.

Key Information Regarding Directors

The key information regarding Directors is set out in pages 34 to 39 of the Annual Report, which covers academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships both present and those held over the preceding three years in other listed companies, and other principal commitments.

Principle 5: Board Performance

The Board has in place a formal process to annually assess the effectiveness of the Board and the ARCC. The review, which is conducted internally, includes individual Directors completing an evaluation questionnaire that covers both the Board and ARCC composition, access to information, attendance and ability to contribute effectively and have meaningful participation and rigorous decision making during the meetings, strategic planning, risk management, accountability and oversight, directors' development and management. Each Director is allowed to individually express their personal and confidential assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities.

The evaluation results are consolidated (with no specific Directors' contribution mentioned) and presented to the Board for review by the Chairman of NRC. Action plans will be implemented for areas which the Board is of the view that improvements are required to enhance the overall effectiveness of the Board and the ARCC.

For FY2020, the outcome of the evaluation was satisfactory. No external facilitator was engaged in the evaluation process.

Corporate Governance

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The NRC has instituted a formal and transparent procedure in developing remuneration policies and framework relating to Directors, CEO and KMP of the Manager. Guided by the remuneration framework, NRC will review on a periodic basis (or as and when there is a significant change to the structure of the Manager):

- the directors' fees and allowances provided to the Independent Directors; and
- remuneration components of the CEO, as well as the KMP.

In its deliberations, the NRC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive. No Director is involved in any decision of the Board relating to his/her own remuneration.

An independent remuneration consultant, Aon-Hewitt, was engaged by the NRC to develop a compensation framework ("Total Compensation Framework") for the Manager. The remuneration consultant has no relationship with ESR-REIT or the Manager (including its controlling shareholder or related entities).

Principle 7: Level and Mix of Remuneration Remuneration for Non-Executive Directors

The Manager has adopted a policy that no directors' fees shall be paid to the CEO or any Non-Independent Non-Executive Directors who are representatives of the Manager's shareholders. All Directors are appointed for a period of 3 years and are subject to extension for a further 3 years at the discretion of the Board and the shareholders of the Manager. Accordingly, Directors' fees are established once every 3 years.

Independent Non-Executive Directors are paid a fixed basic fee based on the level of responsibilities at the Board level, and where applicable, additional responsibilities given in other committee set up by the Board. The Chairman of the Board, ARCC and NRC are paid higher fees compared with members of the Board, ARCC and NRC in view of greater responsibilities carried by those appointments.

Remuneration for Key Management Personnel (including CEO & Executive Director)

The NRC seeks to ensure that the level and mix of remuneration for the Manager remain competitive, aligned with Unitholders' interests and promote ESR-REIT's long-term success. The NRC also ensures that the remuneration of the CEO shall not only be linked to the gross revenue of ESR-REIT or the Manager.

The Total Compensation Framework was developed to reflect the following key considerations:

a) Alignment to Performance

- clear and measurable performance indicators
- incentives-linked to performance to drive the right behaviour

b) Market Practice and Benchmarking

- reflects the current market evolution
- benchmark against market compensation level

c) Reflects Business Realities

- reflects ESR-REIT's strategic priorities and business plan
- in line with regulatory changes

The framework aims to reward KMP to work towards achieving the strategic goals of ESR-REIT as approved by the Board. It promotes a culture of meritocracy and right long-term behaviour in the way the Manager conducts its business by providing clear targets for KMP to motivate performance and efficiency. This allows the Manager to retain outstanding performers and attract good candidates to execute ESR-REIT's strategic priorities and business plans.

The remuneration components within the Total Compensation Framework include fixed pay, fixed allowances, short-term incentive ("STI") bonus and long-term incentive ("LTI") plan.

The STI is driven by the Manager Corporate Scorecard where it covers a mixture of financial and non-financial KPIs aligned to both ESR-REIT and the Manager. The KPIs include financials such as DPU, debt costs, operating costs, and non-financials such as talent management, occupancy rate and risk management and control processes. Linking STI bonus to the Manager Corporate Scorecard helps to achieve strategic goals of ESR-REIT which are aligned to the interests of the Unitholders.

Given the growth profile and footprint of ESR-REIT, strategic transactions will likely be a key feature of ESR-REIT's business plan. Strategic transactions such as mergers and acquisitions or any other transformational deals can be long-gestated, time and resource consuming, and require special attention, care and often beyond working hours sacrifices. At the same time, employees who are involved in the strategic transactions are still required to handle the daily business-as-usual activities. Within the STI component, an Additional Bonus Pool ("ABP") is included to reward such employees. Once the employee is awarded with ABP, one-third of the award will be vested annually, provided he/she remains in employment with the Manager.

The purpose of the LTI is to reward KMP for achieving the Manager's strategic objectives that maximises Unitholders' value. The LTI payout is conditional upon the achievement of pre-determined performance targets measured over a 3-year period. The award of the LTI will lapse if performance is not met at the end of the performance period.

For FY2020, the Manager carried out a formal annual performance review process to reinforce strengths as well as identify improvements and development plans for KMP. Based on the performance review, the NRC and the Board are of the opinion that most of the performance conditions used to determine the remuneration of KMP were met. The NRC and the Board are of the view that the remuneration is aligned to FY2020 performance and that the Total Compensation Framework is aligned with the long-term interests and risk management policies of ESR-REIT and the Manager. There were no ESR-REIT units issued to employees of the Manager in FY2020. To date, the Manager has not implemented any unit-linked incentive plan as part of its remuneration package.

Principle 8: Disclosure on Remuneration

The remuneration of all independent Directors and all employees of the Manager is paid by the Manager and not by ESR-REIT. All directors' fees as well as fixed pay, variable incentives and allowances to KMP are paid wholly in cash.

The table below sets out the directors' fees paid to the Directors in FY2020:

Board Members	Membership	Directors' Fees Paid in FY2020	Other Fees Paid in FY2020
Mr. Ooi Eng Peng	Independent Non-Executive Chairman	S\$167,000	N.A.
Mr. Bruce Berry ⁽¹⁾	Independent Non-Executive Director	S\$42,896	N.A.
Mr. Khor Un-Hun ⁽²⁾	Independent Non-Executive Director	S\$57,104	N.A.
Ms. Stefanie Yuen Thio	Independent Non-Executive Director	S\$90,000	N.A.
Dr. Leong Horn Kee	Independent Non-Executive Director	S\$90,000	N.A.
Mr. Ronald Lim	Independent Non-Executive Director	S\$102,000	N.A.
Mr. Philip Pearce	Non-Executive Director	N.A.	N.A.
Mr. Jeffrey Perlman	Non-Executive Director	N.A.	N.A.
Mr. Tong Jinquan	Non-Executive Director	N.A.	N.A.
Mr. Wilson Ang ⁽³⁾	Non-Executive Director	S\$75,000	N.A.
Mr. Adrian Chui	CEO and Executive Director	N.A.	N.A.

Corporate Governance

The table below sets out the remuneration⁽⁴⁾ paid to the CEO in FY2020:

Key Management Personnel	Fixed Compensation + Statutory Contribution (%)	Short-term Incentives + Statutory Contribution (%)	Long-term Incentives (%)	Total (%)
Between S\$500,000 and S\$750,000				
Mr. Adrian Chui	89	11	0	100

Notes:

⁽¹⁾ Resigned as Independent Non-Executive Director and Chairman of ARCC on 6 June 2020.

⁽²⁾ Appointed as Independent Non-Executive Director and Chairman of ARCC with effect from 6 June 2020.

⁽³⁾ Resigned as Senior Adviser on 31 October 2019. Mr. Wilson Ang was paid a fixed consultant fee on a monthly basis when he was a Senior Adviser of ESR-FM. Under ESR-FM's policy, no director's fee is to be paid to Non-Executive Non-Independent Directors. Due to the merger with Viva Trust, Mr. Wilson Ang could only be deemed as a Non-Executive Director of ESR-FM even though he is not a representative of any of the shareholders of ESR-FM. In appreciation of Mr. Wilson Ang continuing to be on the Board as a Board member to contribute his expertise and experience in managing the REIT, the Board approved to pay Mr. Wilson Ang a remuneration that is equivalent to a Non-Executive Independent Director's fee with effect from November 2019.

⁽⁴⁾ The amount disclosed includes base salary, allowances, employer's CPF contribution and bonus declared for FY2020.

The Manager reviews, on an annual basis, the relationships between employees, shareholders and Directors of the Manager to ensure that there is no conflict of interest. There were no employees of Manager who were (i) substantial shareholders of the Manager or substantial Unitholders of ESR-REIT, or (ii) immediate family members of a director or the CEO or a substantial shareholder of the Manager, or a substantial Unitholder of ESR-REIT, and whose remuneration exceeded S\$100,000 during FY2020.

During FY2020, there was no termination, retirement or post-employment benefits granted to the Directors, the CEO and KMP. In addition, none of the directors of the Manager has entered into any service contract directly with ESR-REIT.

The Manager is cognisant of the requirements stated within the CG Code, its related practice guidance and the "Notice to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" to disclose (i) the exact remuneration amount of each individual Director and the CEO on a named basis with a breakdown (in percentage) of each Director's and the CEO's remuneration; (ii) the remuneration of at least the top five KMP (who are neither Directors nor the CEO) in bands of S\$250,000, with a breakdown (in percentage) of each KMP's remuneration; and (iii) the aggregate total remuneration paid to the top five KMP (who are neither Directors nor the CEO). In the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure.

The Manager has assessed and decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of the exact quantum), (b) not to disclose the remuneration of the top five KMP (excluding the CEO) of the Manager in bands of S\$250,000 and (c) not to disclose the aggregate total remuneration paid to the top five KMP (excluding the CEO). In arriving at its decision, it took into account the following:

- (i) the remuneration of all the Manager's personnel is paid by the Manager out of the fees that it receives (of which the quantum and basis have been disclosed within the Financial Statements), rather than by ESR-REIT. Remuneration of the Directors and the KMP of the Manager (including CEO) is paid wholly in cash;
- (ii) the remuneration of all the Manager's personnel is not linked to the Manager's profitability;
- (iii) in view of the sensitivity and confidential nature of remuneration matters and the intense competition for talents in the industry, it is not in the best interest of ESR-REIT and the Unitholders to disclose the remuneration of the KMP on a named basis (whether in exact quantum or in bands of S\$250,000). It is important for the Manager to retain talent for the long-term interests of ESR-REIT and the Unitholders, and ensure stability and continuity of business operations with a competent and experienced management team in place; and
- (iv) the non-disclosure of the remuneration of KMP

does not compromise the ability of the Manager to meet with the requirement of having good corporate governance as the NRC, being an independent committee, reviews the remuneration package of such KMP based on their roles and responsibilities to ensure that the KMP are fairly remunerated.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the overall risk governance and oversees the Manager in the design, implementation and monitoring of the risk management and internal controls systems. The ARCC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies and ensuring adequate and effective systems of risk management and internal controls (including financial, operational, compliance and information technology (IT) controls) are in place to safeguard Unitholders' interests and ESR-REIT's assets.

Risk Management Framework and Internal Control System

The Manager has in place an Enterprise Risk Management ("ERM") framework to mitigate any risks exposures through appropriate risk management strategies and internal controls. The framework consists of tools such as ERM Risk Appetite Statements, Key Risk and Control Matrix and Compliance Matrix which are dynamic and evolve with the business, thus providing the Manager a holistic and consistent process for the continuous identification of key risks, management and monitoring of risks as well as regular reporting of the risks to both ARCC and the Board.

More information on the ERM framework can be found in the "Risk Management" section on pages 116 to 119 of the Annual Report.

The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually by the Management, the ARCC and the Board.

The internal and external auditors conduct reviews on

the adequacy and effectiveness of risk management and internal control systems. Any material non-compliance or lapses together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARCC. The ARCC also reviews the adequacy and effectiveness of the measures taken by the Manager on the recommendations made by the internal and external auditors and ensures the timely and proper implementation of all required corrective, preventive or improvement measures.

Material Risk Assessment and Management

Both ARCC and the Management periodically reviews the material risks faced by ESR-REIT to ensure relevance to the business and economic environment. With the assistance of the internal auditors, periodic risks workshops have been conducted (with ARCC members and the Management) through-out the years to refresh enterprise-wide risks and to align and quantify the key risks of ESR-REIT. Material risks that have been identified would be addressed with mitigating controls and are reviewed on an ongoing basis by the Management, monitored by the ARCC and reported to the Board.

A bottom-up risk assessment exercise was conducted in 2019 to understand the types of risks viewed as significant by the employees on the ground, the degree of potential impact these risks have on ESR-REIT and any gaps between the top-down and bottom-up views that may require further attention and action on the part of Management to close the gaps. Top 14 risks identified by the employees were mapped against the existing risks being monitored on a quarterly basis and the results showed that the Manager and the ARCC have been continuously monitoring similar risks as well. Relevant controls highlighted by the employees were updated within the Key Risk and Control Matrix which is currently being used for risk monitoring purpose and continues to be reviewed on a quarterly basis or whenever the business environment changes substantially to ensure relevancy.

If there are any breaches of regulations or any risks that fall outside the risk appetite that ESR-REIT and the Manager are willing to undertake, the Board will be alerted and measures and steps would be put in place to reduce the risk level to within the acceptable range.

In line with the strategic objectives of providing Unitholders

Corporate Governance

with a stable income stream and achieving long-term growth in net asset value per unit, the Manager critically analyses each transaction before proceeding. To arrive at an investment decision, the Manager identifies the risk exposures and determines how to mitigate, transfer, manage and/or reduce those risks, where possible, to a level which is appropriate for the corresponding expected return on that investment. Extensive procedures, including due diligence, are carried out at various stages of the investment process. The Board reviews management reports and feasibility studies on proposed acquisitions prepared by the Manager, and approves the proposal if the Board believes it is in the best interests of ESR-REIT and the Unitholders to enter into the transaction.

The Manager is committed to conduct its business within a framework that fosters the highest ethical and legal standards. The Manager has a whistle-blowing policy that is made available on ESR-REIT's website. The policy provides a channel for external parties, in addition to employees, to raise concerns and continue to provide employee reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith.

Board's Comment on Risk Management and Internal Controls

The Board has received confirmation from both the CEO and CFO of the Manager that, as at 31 December 2020, they were not aware of any events that have arisen which would have a material effect on the financial results of the Group, except as disclosed in the financial statements, and nothing has come to their attention which may render the financial results false or misleading. In addition, they have provided assurances to the Board that the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of ESR-REIT's operations and finances.

The Board and ARCC have also received confirmation from CEO, CFO, Head of Real Estate, Head of Capital Markets & Investor Relations as well as the Head of Compliance & Risk Management, that to the best of their knowledge and belief, the internal controls (including financial, operational, compliance and IT controls) and risk management system were adequate and effective to address the risks that were relevant and material to ESR-REIT's operations.

The bases of confirmation are as follows:

- both internal and external auditors have confirmed that based on their audits conducted, there were no issues to warrant any significant concerns in the risk management and internal control systems of ESR-FM;
- Compliance Department of the Manager has confirmed the following:
 - based on internal quarterly compliance monitoring reviews conducted, there were no issues to warrant any significant concerns in the areas covered in the compliance monitoring program;
 - there were no issues to warrant significant concerns on the continuous fit and properness of Directors and appointed representatives based on the annual due diligence conducted on them;
 - Key Risk and Control Matrix for each of ESR-REIT, ESR-FM and ESR-PM was reviewed and updated on a quarterly basis by the Heads of Departments and IT Manager, to ensure relevance and controls are continuously in place for each risk;
 - half-yearly and annual attestations on the risk monitoring tools, quarterly attestations from employees, appointed representatives, Management and Directors in terms of compliance with relevant regulatory requirements;
 - sufficient training hours were attended by all employees;
 - policies and procedures are in place to reduce operational risks and serve as guidance in day-to-day work processes;
 - half-yearly letter of representation in connection with the unaudited financial statements announcement were provided by both CEO and CFO confirming that nothing has come to their attention which may render the result announcements to be false or misleading in any material respect;
 - there have been no communications from the relevant regulatory bodies concerning material non-compliance with or deficiencies in the internal controls of ESR-REIT and the Manager; and
 - there has been no fraud or suspected fraud affecting the Group involving the Management and employees who have significant roles in internal controls.

Based on the above, pursuant to Rule 1207(10) of the Listing Manual, the Board with the concurrence of the ARCC, is of the opinion that the Manager's risk management systems and internal controls (including financial, operational, compliance and IT controls) were adequate and effective as at 31 December 2020 to address financial, operational, compliance and IT risks, which the Manager considers relevant and material to ESR-REIT's operations. For FY2020, no material weaknesses in the risk management and internal control systems were identified by the ARCC and the Board.

The Board notes that the risk management and internal control systems established by the Manager provide reasonable assurance that the Group will not be significantly affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no risk management and internal control systems could provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

The ARCC comprises 5 Directors, all of whom are non-executive and independent. They are:

1. Mr. Khor Un-Hun (Chairman)
2. Mr. Ooi Eng Peng (Member)
3. Mr. Ronald Lim (Member)
4. Dr. Leong Horn Kee (Member)
5. Ms. Stefanie Yuen Thio (Member)

The ARCC members bring with them invaluable experience and professional expertise in the banking, accounting, legal, financial management and real estate areas. Mr. Khor Un-Hun is a Chartered Financial Analyst and Mr. Ooi Eng Peng is a Member of the Certified Practising Accountants of Australia. Mr. Ronald Lim has extensive experience in the banking and finance industry and Dr. Leong Horn Kee has vast experience in property development and management, including industrial properties. Ms. Stefanie Yuen Thio is an Advocate and Solicitor of The Supreme Court of Singapore and her areas of expertise include mergers and acquisitions, equity capital markets, corporate transactions and regulatory advice.

The separation of the roles of the Chairman of the Board and the Chairman of the ARCC ensures greater independence of the ARCC in the discharge of its duties. None of the ARCC members are former partners or directors of ESR-REIT's existing audit firm or auditing corporation (a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm or director of the auditing corporation and (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The ARCC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any director or staff to attend its meetings. The ARCC also has adequate resources, including access to external consultants, internal and external auditors, to enable it to discharge its responsibilities properly. The ARCC meets with the internal and external auditors, without the presence of Management, on a periodic basis within a year.

Role of ARCC

The ARCC is guided by its written terms of reference with principal functions as follows:

- reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements of ESR-REIT and any announcements relating to ESR-REIT's financial performance;
- reviewing, monitoring and reporting to the Board, on an annual basis, the effectiveness and adequacy of the internal controls (including financial, operational, compliance and IT controls) and risk management system;
- reviewing the assurance provided by the CEO and CFO that the financial records have been properly maintained, and the financial statements give a true and fair view of ESR-REIT's operations and finances;
- reviewing the adequacy, effectiveness, independence, scope and results of the internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

Corporate Governance

- recommending to the Board the appointment, reappointment and removal of the external auditors and its remuneration and terms of engagement;
- ensuring compliance with legal, regulatory and internal policies;
- overseeing the establishment and operation of the whistleblowing process;
- ensuring the framework and controls governing interested person transactions and related party transactions adequately protect the interests of ESR-REIT and its minority Unitholders; and
- reviewing and approving all interested person transactions to ensure compliance with internal framework, provisions of the Listing Manual and the Property Funds Appendix.

Reviews conducted by the ARCC

During FY2020, the ARCC reviewed the interim and annual financial results for recommendation to the Board for approval. The ARCC's oversight of financial reporting includes the review of changes in Financial Reporting Standards and discussions with Management and the external auditors on the impact of current and impending changes on financial reporting by the Group.

In the review of the financial statements for FY2020, the ARCC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The ARCC also reviewed, among other matters, the following key audit matter identified by the external auditors for FY2020:

Key Audit Matter	How this issue was addressed by ARCC
Valuation of investment properties	<p>The ARCC considered the approach and methodology applied to the valuation model in assessing the valuation of the investment properties. The financial statements adopted the values determined by the relevant independent valuers.</p> <p>The ARCC reviewed the reasonableness of the projected cash flows, the key assumptions used (including market rental growth, price per square metre, terminal yield, capitalisation and discount rates) and the procedures taken where rates were outside the expected range in the valuation model, taking into consideration comparability and market factors (including COVID-19 considerations). The ARCC also sought confirmation from the valuers and including the external auditor, to establish the understanding that the material valuation uncertainty declaration included in the valuation reports does not preclude the ARCC's ability to rely on the concluded valuations in the financial statements.</p> <p>The valuation of the investment properties was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2020. Please refer to page 168 of this Annual Report.</p> <p>No other significant matters came to the attention of the ARCC during the course of the review.</p>

Following the review and discussion, the ARCC recommended to the Board to approve the FY2020 financial statements.

External Audit

Ernst & Young LLP (“EY”) was appointed as the external auditors of ESR-REIT since 25 April 2017. The ARCC reviewed and approved the audit plan and scope with the external auditors and critically reviewed the report on the audit of the financial statements.

Throughout the year in review, the ARCC, together with the Management, reviewed the quality of work done, the performance as well as the independence of the external auditors. The aggregate amount of fees paid/payable to the external auditors for FY2020 was S\$751,200, of which audit and non-audit fees amounted to S\$394,600 and S\$356,600 respectively. The ARCC has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of those services.

In reviewing the nomination of EY for re-appointment as external auditor of ESR-REIT and its subsidiaries until the conclusion of the next annual general meeting, the ARCC had conducted the evaluation of EY via both a checklist, which had taken into consideration the Accounting and Corporate Regulatory Authority’s Audit Quality Indicators Disclosure Framework, as well as a face-to-face evaluation session. The ARCC had also considered the adequacy and experience of the engagement partner and key team members assigned, EY’s experience in the REIT sector and the size and complexity of the audit in the evaluation process. Based on the evaluation results, the ARCC is satisfied with the independence and performance of EY and has recommended to the Board the re-appointment of EY as the external auditors of ESR-REIT and its subsidiaries at the coming annual general meeting. The Board has taken into account ARCC’s recommendation and concurred with ARCC’s endorsement.

Accordingly, the Manager confirms that ESR-REIT complies with Rules 712 and 715 of the Listing Manual with respect to the appointment of external auditors.

Internal Audit

Given the Manager’s size and scale of operations, the internal audit function is outsourced to PricewaterhouseCoopers LLP (“PwC”) that reports directly to the ARCC Chairman and administratively to the Management. The ARCC approves the appointment, removal, evaluation as well as the compensation of the internal auditor. The ARCC also reviews and approves the annual internal audit plan, the results of internal audit visits and Management’s actions in resolving any audit issues reported.

PwC adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and has unfettered access to all ESR-REIT’s and Manager’s documents, records, properties and personnel including the ARCC.

An annual internal evaluation was also conducted on PwC by the ARCC and the Management to evaluate the performance and effectiveness of the internal auditor. The ARCC reviewed the scope of internal audit work and the audit program as well as the reports submitted by PwC and is satisfied that the internal audit function is independent, effective, adequately resourced, and has appropriate standing within the Manager to perform its functions effectively.

Whistle Blowing Policy

The Manager is committed to conduct its business within a framework that fosters the highest ethical and legal standards.

The Manager has established a Policy on Whistleblowing which provides an avenue through which employees of the Manager and external parties who have dealings with the Manager may raise, in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters to the ARCC Chairman, without fear of reprisals or concerns.

The ARCC has the responsibility of overseeing this policy to ensure it is properly administered. Valid reports made in good faith will be investigated independently and appropriate follow-up action will be taken upon direction by the ARCC Chairman. All information and reports are received confidentially to protect the identity and the interest of all whistle blowers.

External parties can submit a whistleblowing report using the prescribed form found on ESR-REIT’s website at www.esr-reit.com.sg/whistleblowing.html, to whistleblowing@esr-reit.com.sg.

Corporate Governance

UNITHOLDER RIGHTS AND ENGAGEMENT & MANAGING STAKEHOLDER RELATIONSHIPS

Principle 11: Unitholder Rights and Conduct of General Meetings

The Manager is committed to treating all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting ESR-REIT.

The Board is responsible for providing a balanced and understandable assessment of ESR-REIT's performance, position and prospects within their reports and announcements to Unitholders. The Board is supported by the Management who will provide the Board with relevant and accurate information on ESR-REIT's performance on a timely basis to enable the Board to effectively discharge its duties.

The Manager has in place a policy on announcements which governs the timely and accurate disclosure of information via SGXNET. Financial results, press releases, analyst presentation slides and other price sensitive information are disseminated through announcements via SGXNET and ESR-REIT's website in a timely manner to assist Unitholders and investors in their investment decisions.

General Meetings

Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at these meetings. Any unitholder who is unable to attend these meetings in person is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent before the proxy submission cut-off time. Unitholders who are Relevant Intermediaries (as defined in the Companies Act, Chapter 50 of Singapore) may appoint more than two proxies to attend, speak and vote at general meetings of ESR-REIT.

A separate resolution is proposed for each distinct issue at the general meeting. These resolutions are not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the reasons and material implications are explained. Information is also provided on each resolution to enable Unitholders to exercise their votes on an informed basis.

To ensure transparency, each resolution proposed will be voted by way of electronic poll voting for Unitholders/proxies present at the meetings. The voting and vote tabulation procedures are declared before the voting commences, and an independent scrutineer is appointed to validate the vote tabulation and procedures. Results of the poll voting (votes cast for or against or abstain from voting, and their respective percentages) are disclosed immediately at the meeting after the conduct of each poll, and also announced in a timely manner after the meeting via SGXNet.

Unitholders are informed of general meetings through notices (such notice will also be published on SGXNet, newspapers and ESR-REIT's website) sent to them in accordance with the requisite notice period. As part of the sustainability efforts and in line with ESR-REIT's Trust Deed, printed copies of accompanying annual reports or circulars will only be despatched to Unitholders upon request. Electronic copy of the accompanying annual reports or circulars are available for download from the SGXNet and ESR-REIT's website.

Unitholders are informed of the rules governing general meetings and are given the opportunity to communicate their views, ask questions and discuss with the Board and Management on matters affecting ESR-REIT. All Directors, together with the Management, representatives of the trustee and other relevant professionals (where necessary) are in attendance for the entire duration of the general meetings to address queries that Unitholders may have. The external auditors are also present to answer Unitholders' questions about the conduct of audit and the preparation and content of the auditors' report.

The Trust Deed currently does not permit Unitholders to vote at general meetings in absentia (such as via mail, email or fax). Despite the deviation from Provision 11.4 of the CG Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting ESR-REIT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. The Manager will consider changing the Trust Deed to accommodate for absentia voting once the legislative changes to recognise remote voting is formalised rather than just a temporary relaxation due to COVID-19 issue.

The Manager publishes minutes of the general meetings on both SGXNet and ESR-REIT's website as soon as practicable following the meetings. The minutes will record substantial and relevant comments or queries from Unitholders relating to the meetings, and responses from the Board and Management.

Alternative Arrangements due to COVID-19 Situation

In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the Manager will be conducting the upcoming annual general meeting by electronic means, and alternative arrangements have been put in place to allow Unitholders to participate in the meeting. Please refer to the notice of annual general meeting dated 7 April 2021 for further information.

Distribution Policy

ESR-REIT's distribution policy is to distribute at least 90% of its annual distributable income, comprising income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion taking into account the needs of ESR-REIT for capital expenditure, working capital requirements and the liquidity position of ESR-REIT. Since the listing in 2006, ESR-REIT has distributed 100% of its taxable income to its Unitholders.

Principle 12 & 13: Engagement with Unitholders and Other Stakeholders

The Manager upholds a strong culture of timely disclosure and transparent communication with Unitholders, the investing community and other stakeholders. The Manager's disclosure policy requires timely and accurate disclosure of financial results and material information relating to ESR-REIT by way of announcements on the SGXNet and ESR-REIT's website.

In addition to the release of mandatory financial results within the relevant periods prescribed by the Listing Manual, the Manager also provides interim updates to keep all Unitholders and other stakeholders informed of ESR-REIT's performance and latest corporate developments on a timely and consistent basis.

Investor Relations

The Manager has in place a dedicated investor relations team to facilitate effective communications with Unitholders, investors, the investment community, analysts and the media. The Manager actively engages with Unitholders and other stakeholders with a view to solicit and understand their views, and has established an Investor Relations and Corporate Communication Policy to promote regular, effective and fair communications with Unitholders and other stakeholders.

ESR-REIT's website allows Unitholders and other stakeholders to access latest ESR-REIT's information such as announcements, financial statements, investor presentations, annual and sustainability reports. The website provides visitors with the option to sign up for a free email alert service to receive real-time notification of new information posted on the website or provide any feedback via the electronic feedback form. In addition, the Manager also provides the specific investor relations contact on the website to allow Unitholders and other stakeholders to ask questions and receive responses in a timely manner.

More information on how the Manager communicates with the Unitholders and other stakeholders are set out on pages 120 to 124 of the Annual Report, under "Investor Engagement".

ADDITIONAL INFORMATION DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual, the Manager has established a Policy on Dealing in Securities, setting out the guidelines for dealing in ESR-REIT units by its Directors and employees.

Directors and employees of the Manager are discouraged from dealing in ESR-REIT units on short-term considerations. They are also expected to observe the insider trading laws at all times and strictly prohibited to deal in ESR-REIT units in the following instances:

- during the period commencing one month before the announcement of ESR-REIT's half year and full year financial results, and ending on the date of the announcement of the relevant results ("Black-out Period"); and
- at any time whilst in possession of undisclosed material or price-sensitive information.

The above restrictions in dealing in ESR-REIT units also apply to the Property Manager.

Corporate Governance

Prior to the commencement of each Black-out Period, an email would be sent to all Directors and employees to inform them of the duration of the Black-out Period and the Directors are reminded not to trade during this period or whenever they are in possession of undisclosed material information.

The SFA requires each Director to give notice to the Manager of any changes in the number of ESR-REIT units which he/she holds, or in which he/she has an interest, within two business days after the occurrence of the event giving rise to changes in the number of ESR-REIT units which he/she holds, or in which he/she has an interest, as applicable. All dealings in ESR-REIT units by the Directors are to be announced on the SGXNet.

In addition, any changes to Manager's holdings in ESR-REIT units will be announced on the SGXNet within one business day after the date on which it acquires or disposes of any such units.

REVIEW PROCEDURES FOR INTERESTED PARTY TRANSACTIONS ("IPTS")

The Manager has established an internal control system to ensure that all transactions involving the trustee and any related party of the Manager or ESR-REIT are undertaken on an arm's length basis with normal commercial terms, are not prejudicial to the interests of ESR-REIT and the Unitholders, and are in accordance with the applicable guidelines that may be prescribed from time to time.

In respect of such transactions, the Manager must demonstrate to the ARCC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent valuers, in accordance with the Property Funds Appendix.

In addition, the review and approval procedures include the following:

- transactions equal to or exceeding S\$100,000 in value but below 3% of the value of ESR-REIT's latest audited net tangible assets, are subject to review by the ARCC at regular intervals;
- transactions exceeding S\$100,000 in value (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3%, but below 5% of the value of ESR-REIT's latest audited net tangible assets, are subject to the review and prior approval of the ARCC. Such approval will only be given if the transactions are on normal commercial terms and consistent with similar types of transactions made by trustee with third parties who are unrelated to the Manager;
- and transactions exceeding S\$100,000 in value (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) and equal to or exceeding 5% of the value of ESR-REIT's latest audited net tangible assets, are reviewed and approved by the ARCC who may, as it deems fit, request advice on the transaction from independent sources or advisers, including obtaining valuations from independent valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions are to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning ESR-REIT relate to transactions entered into, or to be entered into, by the trustee for and on behalf of ESR-REIT with a related party of the Manager or ESR-REIT, the trustee is also required to ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of ESR-REIT and the Unitholders.

Furthermore, the trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or ESR-REIT. If the trustee is to sign any contract with a related party of the Manager or ESR-REIT, the trustee will review the contract to ensure that it complies with the requirements relating to IPTs in the Property Funds Appendix and the provisions of the Listing Manual relating to IPTs, as well as such other guidelines issued by MAS and the SGX-ST that apply to REITs. All IPTs and related party transactions (and the basis, quotation obtained to support its basis) entered into are maintained in records by the Manager and reviewed by the ARCC.

DEALINGS WITH POTENTIAL CONFLICTS OF INTEREST

In dealing with potential conflicts of interest issues which the Manager may encounter in managing ESR-REIT, the Manager has instituted the following procedures:

- all executive officers are employed by the Manager;
- all resolutions in writing of the Board in relation to matters concerning ESR-REIT must be approved by a majority of the Directors, including at least one Independent Director;
- at least half of the Board comprised Independent Directors;
- in respect of the matters in which a director or his/her associates have an interest, direct or indirect, such interested director will notify his/her interest and, where appropriate, abstain from voting and recuse himself/herself from any discussion on the matter. In such matters, the Board may also seek external professional advice to assist in its deliberations;
- matters in which any of the shareholders of the Manager has an interest (whether directly or indirectly), the nominee director appointed by the relevant shareholder shall abstain from voting and recuse himself/herself from any discussion in such matters and the quorum must comprise a majority of the Independent Directors;
- all IPTs must be reviewed by the ARCC and approved by a majority of the ARCC members. If a member of the ARCC has an interest in a transaction, he/she will, where appropriate, abstain from voting and recuse himself/herself from the discussion;
- under the Trust Deed, other than a meeting convened for the removal of ESR-FM as the Manager, the Manager, the controlling shareholders of ESR-FM and their respective associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager or any of its associates has a material interest;
- if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of ESR-REIT with an affiliate of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) for legal advice on the matter. If the law firm is of the opinion that the Trustee, on behalf of ESR-REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager is obliged to take appropriate action in relation to such agreement; and

- the Manager ensures that the CEO is fully committed to ESR-REIT's operations as he is employed full-time in the day-to-day operations of the REIT and the Manager and he does not take up any executive role in another entity.

DISCLOSURES ON FEES PAYABLE TO THE MANAGER

Pursuant to the CIS Code, where fees are payable to the Manager out of the deposited property of ESR-REIT, the methodology and rationale for each type of fee payable should be disclosed. Details on the methodology is disclosed in Note 1 of the audited financial statements for FY2020.

The various fees earned by the Manager are elaborated below:

Management Fees

The Manager is entitled to receive a base fee and performance fee for the management of ESR-REIT's portfolio. The payment for the total of base fee and performance fee is capped at 0.8% of ESR-REIT's total deposited property value per annum under the Trust Deed Clause 15.1.3. The amount in excess of the fee cap will be carried forward for payment in future financial years.

(a) Base Fee

The Base Fee enables the Manager to cover operational and administrative overheads incurred in the management of the portfolio. The fee is computed at 0.5% per annum of the deposited property value in accordance with Clause 15.1.1 of the Trust Deed. The fee is calculated at a percentage of asset value as the asset value provides an appropriate metric to determine the resources for managing the assets.

Based on the Manager's election, the fee is payable in cash, units or a combination of both. Under the Trust Deed, the cash component of the base fee is payable monthly in arrears within 30 days after the last day of each calendar month while the unit component of the base fee is accrued and issued within 30 days after the last day of each calendar quarter.

The issue price for the Manager's base fees payable in units is determined based on the volume weighted average traded price for a unit for all the trades done on the SGX-ST in the ordinary course of trading on the SGX-ST for the last 10 business days immediately preceding the end of the relevant calendar quarter.

Corporate Governance

(b) Performance Fee

The Manager's performance is measured by the growth in distribution per unit ("DPU Growth Model") of ESR-REIT subject to the DPU threshold being met.

The performance fee under the DPU Growth Model is 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. The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by ESR-REIT 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 Manager would have to outperform the adjusted Highest DPU Threshold.

The pegging of the performance fee to DPU aligns the interest of the Manager with those of Unitholders as the compensation commensurate with the value the Manager delivers to Unitholders as a whole in the form of DPU. With DPU Growth Model, the Manager will be committed to providing the Unitholders with stable distribution on a more sustainable basis. The Manager is motivated to increase DPU through the efficient portfolio management, astute cost management and effective use of debt and equity. This can be achieved by proactive organic and external growth strategies such as asset enhancement initiatives, acquisitions, developments and divestments to continually rebalance the portfolio and achieve income accretions. Taking on short-term risks is deterred as the Manager strives to achieve sustainability.

The fee is payable in cash, units or a combination of both at the option of the Manager. Under Clause 15.1.2 of the Trust Deed, the performance fee payable whether in cash or units, is payable in arrears within 30 days after the last day of each financial year.

The issue price for the performance fees payable in units is determined based on the greater of five business day volume-weighted average price ("VWAP") before and after the relevant financial year (i.e. 10 days VWAP in total) and gross asset value per unit.

Acquisition Fee and Divestment Fee

Acquisition fee earned by the Manager is contingent upon the successful completion of property acquisitions. This fee seeks to motivate and compensate the Manager for its efforts expended to continually seek out and acquire accretive assets to increase sustainable returns for Unitholders.

The Manager is entitled to receive 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 (iii)) 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.

Divestment fee earned by the Manager is contingent upon the successful completion of property divestments. This fee seeks to motivate and compensate the Manager for its efforts expended to continually rebalance the portfolio and maximise value received by ESR-REIT in the divestment.

A divestment 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 (i) above for the acquisition fee;
- (ii) in relation to an investment of the type referred to in paragraph (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 (iii) above for the acquisition fee; and
- (iv) the value of an investment referred to in paragraph (iv) above for the acquisition fee.

The acquisition or divestment fee enables the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition or divestment opportunities, including but not limited to due diligence efforts and man hours spent in evaluating the transaction or marketing and maximising the divestment price.

Where the acquisition or divestment fees are to be paid to the Manager for the acquisition of assets from an interested party or divestment of assets to an interested party, such fees are paid in the form of units based on the last 10 days VWAP prior to the completion date of the transaction. These units should not be sold for a period of one year from their date of issuance. As the Manager's interest is closely tied to the performance of DPU, this ensures that the related party transaction performs and contributes to Unitholders' returns.

Development Management Fee

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 fulfilling a pre-determined list of conditions as prescribed in Clause 15.7 of the Trust Deed. The development management fee is payable to the Manager to incentivise the Manager to undertake development projects, including but not limited to asset enhancement initiatives, build-to-suit and redevelopment projects, on behalf of ESR-REIT to enhance its property portfolio, and to compensate the Manager for its time, costs and effort expended in managing development projects. By undertaking development projects on behalf of ESR-REIT, it can improve the yield of ESR-REIT's property portfolio, increase its distributable income and enhance its long-term value.

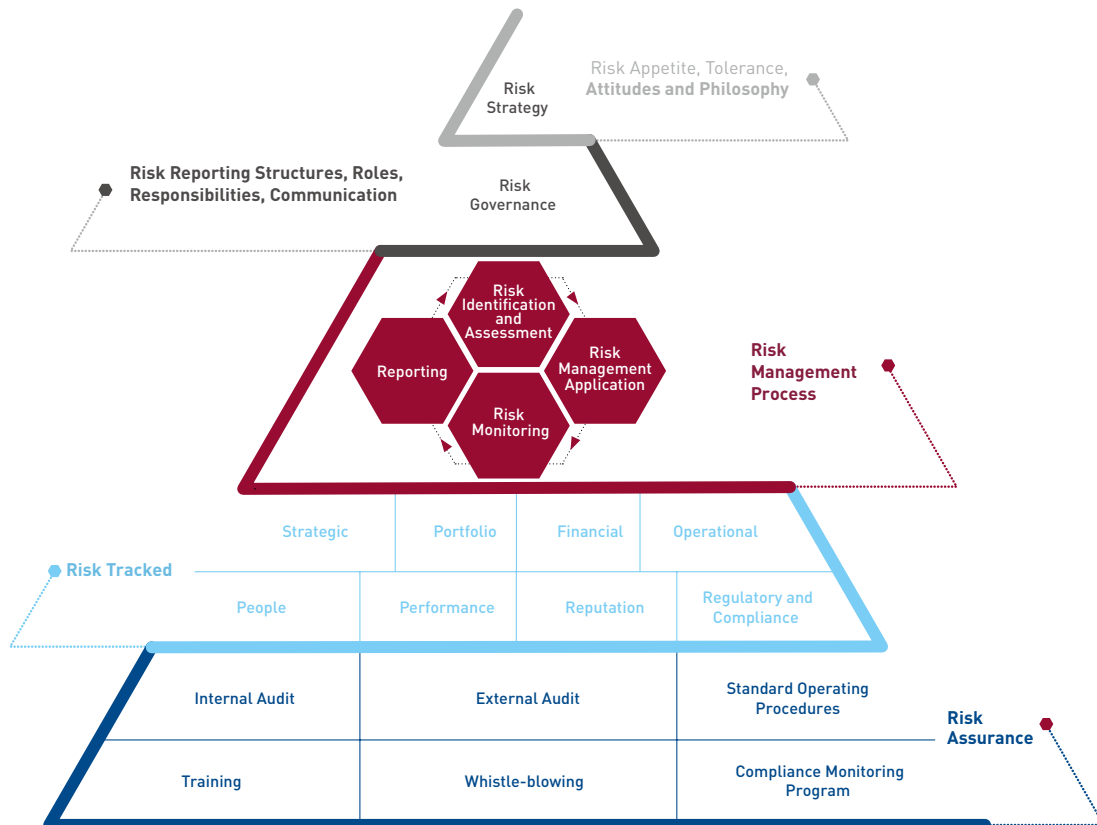
Where real estate or real estate related assets are purchased, invested in or acquired for development, no acquisition fee in relation to such purchase, investment or acquisition shall be paid to the Manager. Instead, the Manager will receive the development management fee for the development project.

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 in such proportions as it may determine. Where part of the development management fee is to be received in the form of units, the Manager shall be entitled to receive such number of units as may be purchased for the relevant amount of the development management fee at an issue price equivalent to the VWAP of the units for the last 10 business days of the relevant calendar quarter for which such fees relate to.

Risk Management

Effective risk management is an integral part of our business — both strategically and operationally, which enables ESR-FM (or the “Manager”) to optimise risk-reward relationship in the pursuit of opportunities to create value for ESR-REIT unitholders (“Unitholders”).



Risk Governance

The Board of Directors of the Manager (“Board”) is responsible for determining the overall risk strategy and risk governance, and ensuring ESR-FM implements sound system of risk management and internal controls to safeguard Unitholders’ interests and ESR-REIT’s assets. For these purposes, the Board is assisted by the ARCC which provides dedicated oversight over risk management policies and guidelines.

The management team of the Manager (“Management”) is responsible for the development, implementation and monitoring of the risk management practices.

Risk Management Process

The Manager adopts a four-step risk management process comprising risk identification and assessment, risk management application, risk monitoring as well as reporting.

(A) Risk Identification and Assessment

The Board approves the Enterprise-Risk Management (“ERM”) Risk Appetite Statements (“RAS”) which identify the nature and extent of material risks that ESR-REIT, ESR-FM and ESR-PM (both ESR-FM and ESR-PM collectively as the “Managers”) should be taking to achieve its strategic and business objectives. The RAS serve as a “traffic light alert system”. The risk appetite threshold of each risk is based on the colours of a traffic light — Red, Amber and Green. Green is within the acceptable risk appetite, Amber signals increasing risk which needs to be monitored and reduced as necessary and Red means it is outside the risk appetite that ESR-REIT and the Managers are willing to undertake and thus measures and steps need to be put in place to reduce the risk level to within the acceptable range. The RAS are monitored on a quarterly basis to ensure that all risks are appropriately managed. The RAS are reviewed and tabled to both the Board and ARCC every quarter for their notation, and the metrics adopted for each measure in the RAS are reviewed at least annually (or more frequently if the business environment warrants).

A Key Risk and Control Matrix has been put in place by the Manager to proactively identify ESR-REIT's and the Managers' material operational risks together with the likelihood and impact of such risks, and establish corresponding mitigating controls to manage these risks. The identified risks and controls are reviewed by the respective head of departments quarterly (or more frequently if the business environment warrants) to ensure the matrix stays relevant and effective.

Managing Key Risks

The Manager has identified the following key risks faced by ESR-REIT and the Managers, and established corresponding controls to manage the risks:

(i) Strategic Risk

Strategic risks relate to the risks on impact on earnings or capital on the sustainable long-term growth of ESR-REIT arising from inadequate business decisions, improper implementation of strategy or lack of responsiveness to changes in the industry.

(ii) Portfolio Risk

The Manager critically analyses each potential transaction to achieve the strategic objectives of providing Unitholders with a stable income stream and achieving long-term growth in Net Asset Value ("NAV") per unit before deciding to proceed with the transaction. The strategies adopted by the Manager include:

1. proactively managing ESR-REIT's property portfolio to maximise returns;
2. selectively acquiring properties that meet our investment criteria and enhance Unitholders' value;
3. divesting of non-core properties; and
4. adopting prudent capital and risk management strategies.

Investment Risk

Our investment portfolio primarily comprises real estate used mainly for industrial purposes (including investments in real estate related assets and/or other related value enhancing assets or instruments). Investments are on a long-term basis in Singapore and/or overseas markets, with the current focus on the local market, depending on investment opportunities and market conditions. To manage the impact of economic uncertainties, the Manager monitors economic development as well as any policies that have an impact on

the daily operations within the portfolio. Each new investment opportunity is subject to a disciplined and rigorous due diligence process, taking into consideration its potential for yield enhancement, long-term sustainability and asset valuation.

The Board also reviews management reports and feasibility studies on proposed acquisitions prepared by the Manager, and goes through detailed and rigorous deliberation with the Management team before approving each proposal to ensure that the transaction is in the best interests of ESR-REIT and the Unitholders.

Project Development Risk

Asset enhancement and development initiatives are initiated to ensure that ESR-REIT's properties remain competitive. Consultants and contractors are subject to stringent pre-qualification procedure prior to engagement and projects under development are tracked for progress update and monitored for investment performance.

(iii) Operational Risk

The Manager has established policies and procedures to manage the risks associated with the day-to-day operations as well as to ensure business continuity. This includes the monitoring of incidents and ensuring safety-related standards and procedures are put in place. These policies and procedures are regularly reviewed to ensure relevance and effectiveness.

In addition, the Manager has put in place Business Continuity Plan and Crisis Management Policy for any unforeseen events to allow for resumption of operations with minimal disruption and loss.

Information Technology Risk

Cyber security threats have been increasing in recent times and are getting more sophisticated. The Manager has in place an Information Technology Risk Management Policy for managing risks associated with information security ("IT"). Penetration testing is conducted at least once a year to check for any potential security breaches. Training on IT security awareness is conducted regularly to keep the staff abreast of any potential IT-related threats. Annual disaster recovery plan exercise is also conducted to ensure timely recoverability of IT systems.

Risk Management

Regulatory and Compliance Risk

As a Capital Markets Services Licence Holder, the Manager is required to comply with the relevant rules and regulations issued by the various authorities. Any such non-compliance may result in litigation, penalties, fines, negative publicity or revocation of Capital Markets Services Licence. The Manager maintains a framework that proactively identifies new and changes to applicable laws and regulatory obligations and ensures compliance in the day-to-day business processes through the establishment and update of relevant regulatory-related policies and procedures. Regulatory requirements on base capital and financial resources of the Manager are being monitored to ensure that the requirements are met on an ongoing basis. Results of Compliance monitoring programs, ongoing monitoring of overdue non-compliance instances uncovered by internal/external/regulatory inspections as well as any regulatory breaches are tabled to the ARCC on a regular basis to ensure continuous adherence to regulatory requirements.

Fraud Risk

The Managers adopt a zero-tolerance approach to bribery and corruption of any form and are committed to acting professionally, transparently and fairly with integrity in all our business dealings and relationships. The Manager has put in place policies and guiding principles on anti-corruption and bribery and establish boundaries to the acceptance or offer of gifts and entertainment to ensure that the REIT's business is conducted with honesty, fairness and high ethical standards.

(iv) Financial Risk

The Manager monitors the financial market risk and capital structure actively as prudent capital management is the key for a sustainable business. The Manager also 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 mitigate any financial risk.

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 ESR-REIT, as and when they fall due. The Manager has established credit limits for tenants and monitors their balances on an on-going basis. Credit evaluations are also performed by the Manager before lease agreements are entered into with the prospective tenants. In addition, tenants are required to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to ESR-REIT prior to the commencement of the leases.

Interest Rate Risk

ESR-REIT's exposure to interest rate risk relates primarily to its interest-bearing financial liabilities. Such risk is monitored 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 Manager adopts a policy of ensuring that the majority of its exposure to changes in interest rates on borrowings is on a fixed rate basis by entering into interest rate swaps and/or fixed rate borrowings.

Currency Risk

At present, there is no currency risk as all transactions involving ESR-REIT are denominated in Singapore dollars. The Manager would consider currency hedging to an appropriate extent if such risk arises in the future.

Liquidity and Refinancing Risk

The Manager monitors the liquidity risk of ESR-REIT regularly and maintains adequate level of cash and cash equivalents to finance ESR-REIT's operations (including the servicing of financial obligations) for a reasonable period barring any unforeseen extreme circumstances that cannot be reasonably predicted, such as natural disasters. The Manager also ensures the REIT's gearing ratio is maintained at a prudent level and adhere to the ongoing requirements under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS"). The maturities of debt facilities are also spread out to mitigate re-financing risks in a single financial year.

(v) Performance and Reputation Risk

The Manager continuously monitors and measures against peer benchmarks metrics such as NPI yield, mean expense ratio and DPU to ensure that ESR-REIT is performing better than or at least on par with the market.

Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of ESR-REIT's image by tenants, counterparties, Unitholders, investors and regulators. The Manager consistently monitors the media to identify any adverse news on ESR-REIT that warrants any immediate actions by the Manager.

(vi) People Risk

People are the key to the business as loss of key management personnel can cause disruptions to the Managers' business operations. Talent management including succession planning is in place for key management personnel and staff remuneration is reviewed periodically to ensure it remains competitive to retain and attract talents.

(B) Risk Management Application***Compliance Matrix***

Various other risk management tools are used to manage risks besides the RAS and Key Risks & Control Matrix. The Manager maintains a register known as the Compliance Matrix to record major rules and regulations relevant to both ESR-REIT and ESR-FM. The register is reviewed yearly or whenever the business environment changes substantially or whenever there are new or changes to relevant rules and regulations.

Policies and Procedures

Policies and procedures have been set-up to reduce operational risks by providing uniform practices that serve as a basis for guidance in day-to-day operations and to facilitate the understanding and correct implementation of different work processes. All policies and procedures must be reviewed and updated where relevant at least once a year to ensure they are kept up-to-date. Any revisions, amendments and supplements to the various policies must be approved by the Board, ARCC or CEO, as appropriate.

Education and Training

To increase the level of awareness and knowledge of various risks, controls requirements and processes within ESR-REIT and the Managers, all new employees are required to undergo induction training by the various departments. On-the-job training will be provided to equip the staff with the knowledge and skills to carry out their work. Internal bite-size training will be conducted for the purpose of information sharing, especially on changes relating to internal policies. Staff are encouraged to source for external training that relates to their field of expertise and/or are included in personal development plans. Skills and knowledge acquired via such training can be applied to their work to improve work processes or control requirements thus effectively reducing operational risks for the Managers.

Whistleblowing

Policy on Whistleblowing is also established to provide an avenue to staff and external parties to raise any concerns about possible improprieties in matters of financial reporting or other matters to the ARCC Chairman for independent investigation and appropriate follow up actions.

(C) Risk Monitoring

The Board and ARCC are kept abreast of ESR-REIT and the Managers' key risk exposures as well as the risk management activities and results via the following quarterly reports by the Management.

1. Quarterly monitoring of ERM RAS
2. Quarterly review of Key Risk and Control Matrix

3. Quarterly monitoring of outstanding internal/ external audit recommendations
4. Quarterly attestations from employees, appointed representatives, Heads of Departments and Directors in terms of compliance with relevant regulatory requirements
5. Quarterly reporting of breaches, potential breach and loss events

In addition to the above risk monitoring methods, ESRFM has formulated a Compliance Monitoring Framework using the Compliance Matrix as a base document. A risk assessment of all regulatory requirements impacting both ESR-REIT and ESR-FM will be performed on an annual basis. This will guide the approach taken for Compliance's oversight function which includes a combination of routine monitoring and risk-based monitoring programmes (otherwise known as the Compliance Monitoring Program). A two-year Compliance Monitoring Program based on the results of the risk assessment will be tabled to both the ARCC as well as the Board for approval. Upon the approval of the program, Compliance will proceed to implement the program and the results of the reviews will be tabled to both ARCC and the Board on a quarterly basis for their review.

In order to give ARCC and the Board the assurance that ESR-REIT's internal controls are adequate and effective, an annual internal control review based on the top risks identified in the Key Risk and Control Matrix will be conducted and the results will be tabled to both ARCC and the Board.

The outsourced internal auditor also conducts independent review of the risk management and internal control systems implemented by the Manager so as to provide independent assurance to the Board and ARCC on the adequacy and effectiveness of the risk management and internal control systems.

Together, all these monitoring tools provide greater assurance that the ESR-REIT's and the Managers' identified risks are adequately managed.

(D) Reporting

Reports are provided to ARCC/Board/Regulators on a regular basis to provide updates on the Managers' risk and compliance management activities.

Investor Engagement

ESR-REIT maintains a strong rapport with its existing and potential institutional investors, analysts, media, retail investors and other stakeholders (collectively, the “Investment Community”) through proactive and regular engagement initiatives. The Manager is committed to continuous engagement by providing:

1. Timely, transparent and accurate information on its business strategy, operational and financial performance
2. Regular access to the senior management team through one-on-one meetings, presentations, property tours, conferences, investor roadshows, conference calls and webcasts

The Manager adopts strong governance practices including an Investor Relations policy that articulates its core communication values. As ESR-REIT grows in strength, maintaining open channels of communication enables the investment community to better understand the REIT’s strategic directions and how it creates value for its Unitholders. The Manager has a dedicated investor relations and corporate communications (“IRCC”) team that proactively engages and meets the investment community. These engagements were undertaken across a wide range of investor activities including telephone calls, conferences, investor briefings, one-on-one meetings, roundtables, print publications and the corporate website.

COMMUNICATING DURING COVID-19

In light of the COVID-19 pandemic, many events scheduled for FY2020 were either cancelled, deferred or moved online. Concerned with the impact of COVID-19 on investor communications, the Manager changed the format of some activities to maintain and improve timely and appropriate information disclosure.

With the usual communication channels affected by the outbreak and subsequent travel restrictions, the IRCC website became a primary source of corporate information, financial data and significant business developments for the investment community. Addressing the magnitude and duration of the impact on ESR-REIT’s financial position and business operations became a priority for the Manager. As ESR-REIT releases its financial results on a half-yearly basis and business updates in the interim quarters (1Q and 3Q), the IRCC team took the opportunity to provide clarity on how it actively monitors and manages COVID-19.

Furthermore, the IRCC team also increased its investor relations activities in anticipation of increased information requests from the investment community. The Manager participated in a number of virtual conferences and webinars which were attended by local and global investors, in order to deepen its dialogue with the investment community. These platforms provided investors the opportunity to meet ESR-REIT’s management team virtually and acquire a deeper understanding of its business continuity plans and actions to mitigate financial and operational headwinds. During these sessions, the Manager also reiterated the REIT’s long-term strategy and execution of its investment thesis. Such conferences and roadshows have enabled access to potential new investors and assisted with strengthening existing relationships with long term investors.

Keeping in mind that the investment community has become more remote out of necessity, the Manager has adopted digital channels to engage them in lieu of face-to-face meetings. For example, the IRCC team has created YouTube videos of ESR-REIT’s 3Q2020 interim update and FY2020 results announcement to effectively convey its long-term vision and articulate its business operations. Other efforts to remain transparent during this challenging period include the integration of social media in investor outreach channels.

INSTITUTIONAL ENGAGEMENT

In 2020, the IRCC team embraced the “new normal” in light of the COVID-19 situation and kept up its institutional engagement via participation in virtual roadshows and 1-1 video meetings with institutional investors. These meetings provided investors timely updates on the impact of COVID-19 on our portfolio and allowed management to communicate ESR-REIT’s strategy, hence raising the REIT’s visibility in the investment community.

During FY2020, the IRCC team engaged over 110 institutional investors and was invited to participate in virtual conferences to speak to both local and overseas investors. Participation in these conferences have significantly raised the profile of the REIT, leading to increased trading liquidity and higher trading volumes.

ANALYST ENGAGEMENT

The Manager continued to actively engage coverage analysts and the research industry at large to provide timely updates. This resulted in the addition of coverage from Morningstar Research in FY2020, bringing ESR-REIT’s total analyst coverage to 9.

The Manager also frequently organizes site tours for analysts to showcase ESR-REIT's diversified portfolio.

Research Analyst Coverage	Analyst	Contact
CIMB	Lock Mun Yee	munyee.lock@cimb.com
Citibank	Brandon Lee	brandon2.lee@citi.com
CLSA	Wong Yew Kiang	yew.kiang.wong@clsa.com
Daiwa	David Lum	david.lum@sg.daiwacm.com
DBS	Derek Tan	derektan@db.com.sg
Morningstar	Ken Foong	Ken.Foong@morningstar.com
OCBC	Chu Peng	chupeng@ocbc.com
RHB	Vijay Natarajan	Vijay.natarajan@rhbgroup.com
SCCM	Soh Lin Sin	linsin.soh@sccm.com

The full list of research houses and target recommendations are also available on the corporate website.

RETAIL INVESTORS ENGAGEMENT

Retail investors are an important part of the Manager's outreach programmes. ESR-REIT remains a member of the Securities Investors Association (Singapore) Shareholder Communication Programme to enhance investor communication with members of the public. ESR-REIT has also maintained its membership with the REIT Association of Singapore.

ESR-REIT was one of the featured REITs at the annual REITS Symposium jointly organised by Shareinvestor and REITAS. Due to the ongoing pandemic, the annual event was moved online to accommodate safe distancing restrictions. Held in September 2020, the event was well attended by over 1,800 participants. The Manager had a virtual booth at the online symposium where participants were free to download the REIT's financial publications and watch a video of the CEO presenting the latest financial and business update on demand. ESR-REIT was also featured at the SGX-REITAS Education Series held on 4 September 2020 where the Manager had the opportunity to share its operational and financial performance as well as address investors' queries in the Q&A segment.

Due to the outbreak of COVID-19 in Singapore, ESR-REIT conducted its general meetings only by way of electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020. ESR-REIT held its Annual General Meeting by way of a "live" audio-visual webcast and/or a live audio-only stream on 5 June 2020 to over 131 Unitholders. ESR-REIT also convened an Extraordinary General Meeting ("EGM") on 4 December 2020 to seek Unitholders' approval for the Proposed Merger with Sabana REIT. 119 Unitholders watched the live proceedings of the EGM. All resolutions tabled at both meetings were approved. To ensure effective communication, Unitholders were strongly encouraged to submit their questions on the Pre-registration page for the webcast or via email or by post prior to the meeting, after which the Manager published its responses to the substantial and relevant questions on SGXNET and ESR-REIT's corporate website.

Investor Engagement

NURTURE AND MAINTAIN STRONG LINKS WITH THE INVESTMENT COMMUNITY

ESR-REIT conducts briefings and meetings on the 2Q/1H and 4Q/FY results announcements, where the Manager discusses its long-term investment strategy, provides extensive information on its financial performance and reiterates its commitment to Unitholder returns. The IRCC team is focused on helping investors understand how the REIT creates sustainable competitive advantages through asset enhancements and accretive acquisitions.

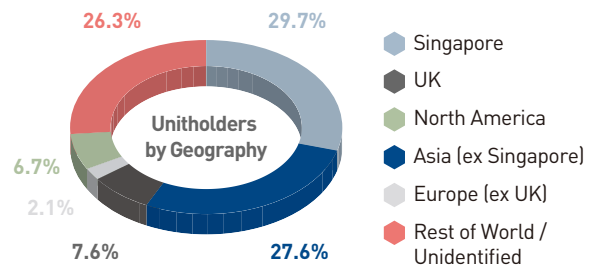
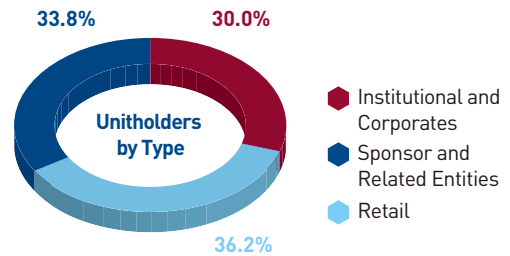
Financial results and material information are made available on the IR website immediately upon release to the SGXNET to ensure timely disclosure of information. Besides the half-yearly financial results, the website contains company news, investor presentations, historical financial data, upcoming events and distribution information. The investment community can reach the IRCC team directly through email or the IR hotline provided below and on the corporate website.

As part of ESR-REIT’s ongoing effort to improve investor relations, the REIT will continue to review the level of disclosure it provides, aligning it with global best practices, as well as take into account the new 2018 Code of Corporate Governance and similar benchmarks.

ACCOLADES

In FY2020, ESR-REIT was conferred the Best Industrial REIT-GOLD (More than 1 Billion in Market Capital) at the 7th Edition REITs Asia Pacific & The Best of The Breeds REITs Awards 2020 and awarded Best Payments & Collections Solution at The Asset Triple A Treasury, Trade, Supply Chain and Risk Management Awards 2020.

In recognition of its sustainability efforts, the REIT was awarded in the Titanium category of The Asset Benchmark Research ESG Corporate Awards 2020.



Principles underpinning the IRCC Framework

**EFFICIENCY**

Adopts various communication avenues to convey its messages to its investment community. The Manager is committed to disseminate all material information that would reasonably be required to make an informed decision about investment in ESR-REIT's securities in a fair, timely and cost-efficient manner.

**TRANSPARENCY**

Committed to open and transparent communication with the investment community. Promotes investor confidence by ensuring that trades in its securities takes place in an informed market.

**CLARITY**

Committed to communicate with the investment community in a clear language that avoids unnecessary jargon and provides maximum understanding of its messages.

FINANCIAL CALENDAR

Activity	FY2020	FY2021 ⁽¹⁾
Announcement of Full Year Financial Results	23 January 2020	20 January 2021
Payment of Fourth Quarter Distribution to Unitholders	9 March 2020	19 March 2021
Announcement of First Quarter Interim Update	23 April 2020	22 April 2021
Annual General Meeting	5 June 2020	22 April 2021
Payment of First Quarter Distribution to Unitholders	24 June 2020	22 June 2021
Announcement of Half Yearly Financial Results	16 July 2020	26 July 2021
Payment of Second Quarter Distribution to Unitholders	17 September 2020	22 September 2021
Announcement of Third Quarter Interim Update	30 October 2020	22 October 2021
Extraordinary General Meeting	4 December 2020	/
Payment of Third Quarter Distribution to Unitholders	30 December 2020	21 December 2021

⁽¹⁾ Please note that these dates are indicative and subject to change without prior notice. Any changes in our key dates will be published on our website.

Investor Engagement

INVESTOR AND MEDIA OUTREACH CALENDAR FY2020

	Activity	Location
1st Quarter	4QFY2019 Analyst and Media Results Briefing Sessions	Singapore
	11th Credit Suisse ASEAN Conference	Online
2nd Quarter	Citi Pan-Asia Regional Investor Conference	Online
	HSBC 4th Annual Asia Credit Conference	Online
	SGX-CS Singapore Virtual Corporate Day	Online
3rd Quarter	2Q/1H2020 Analyst and Media Earnings Call	Online
	11 th Annual General Meeting	Online
	Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors Forum 2020	Online
	JPM – Virtual Singapore Meetings– Operating in the ‘New Normal’ Environment	Online
	SGX-CS Real Estate Virtual Corporate Day	Online
	SGX-REITAS Education Series	Online
4th Quarter	REITs Symposium hosted by Shareinvestor and REITAS	Singapore
	Extraordinary General Meeting	Singapore
	SGX-UBS Singapore REIT/Infrastructure Corporate Day	Online

INVESTOR COMMUNICATIONS

The Manager is committed to ensuring all investors have equal access to information. In line with its commitment to long term integration of sustainable business practices, investor communications are provided via various electronic methods including:

ESR-REIT’s Investor Relations website – <https://esr-reit.listedcompany.com/home.html>

Online enquiry – https://esr-reit.listedcompany.com/ir_contact.html

Subscribe to email alerts – https://esr-reit.listedcompany.com/email_alerts.html

For further enquiries, please contact:

Investor Relations	<p>Ms. Lyn Ong 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946 T: (65) 6827 9332 F: (65) 6827 9339 E: ir@esr-reit.com.sg</p>
Corporate Communications	<p>Ms. Gloria Low 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946 T: (65) 6827 9332 F: (65) 6827 9339 E: enquiries@esr-reit.com.sg</p>
Unit Registrar	<p>Boardroom Corporate & Advisory Services Pte Ltd 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 T: (65) 6536 5355 E: srs.teame@boardroomlimited.com</p>
Unitholder Depository	<p>The Central Depository (Pte) Limited 9 Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 T: (65) 6535 7511 E: asksg@sgx.com</p>

Sustainability

Contents

126	About ESR-REIT Sustainability Report 2020
127	2020 at a Glance
128	Supporting Our People through the COVID-19 Pandemic
129	A Statement from Our Board
130	Sustainability Targets and Performance
132	How We Manage Sustainability
132	• <i>Governance Structure</i>
132	• <i>Materiality Assessment</i>
133	• <i>Stakeholder Engagement</i>
135	• <i>Our Material Factors</i>
136	ECONOMIC
136	• <i>Investment Management – Quality Assets and Services</i>
138	• <i>Tenant Engagement and Satisfaction</i>
139	ENVIRONMENTAL
139	• <i>Reducing our Energy Consumption and Carbon Emissions</i>
142	• <i>Reducing Our Water Consumption</i>
143	• <i>Reducing Our Waste</i>
143	• <i>Upholding Environmental Compliance</i>
144	SOCIAL
144	• <i>Employee Engagement and Satisfaction</i>
148	• <i>Health and Safety</i>
152	• <i>Our Community</i>
154	GOVERNANCE
154	• <i>Regulatory Compliance, Governance, and Enterprise Risk Management</i>
156	GRI Content Index

At ESR-REIT, we strive to be a leading provider of real estate for tomorrow's businesses today. This means sustainably growing our business by placing emphasis on the Environmental, Social and Governance factors, alongside our Economic goals.



Sustainability

About ESR-REIT Sustainability Report 2020 >>

This is the third consecutive year ESR-REIT has included its environmental, social and governance (ESG) information in its Annual Report. This section demonstrates ESR-REIT's commitment to providing a holistic and transparent overview of ESG matters of our business.

This section covers ESR-REIT's operations in Singapore for the financial year from 1 January to 31 December 2020 (FY2020). It is aligned with the SGX-ST Listing Rules, Practice Note 7.6 Sustainability Reporting Guide and is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option.

As a real estate investment trust, the Manager's principal business includes fund management, property and facilities management of industrial properties. Information in this report comprises of the investment and operational management of our properties and development projects.

For the Environment section, the data provided relates to the common areas of properties to which ESR-REIT has direct operational control and includes historical data for comparison, where available. This excludes data from properties that were divested or acquired in the year. Please refer to pages 80 to 93 of the Annual Report for the full list of ESR-REIT's properties.

The Manager has not sought external assurance for this reporting period and may consider having the report verified by an independent third party in the near future.

We publish our sustainability information annually. We value and welcome any feedback on our sustainability reporting, approach and performance. Please send your feedback and suggestions to enquiry@esr-reit.com.sg.





ECONOMIC

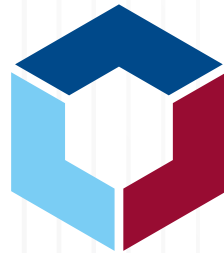
- » Occupancy rate of **91.0%** compared to national average of 89.9%⁽¹⁾ for industrial properties
- » Tenant satisfaction rate of **79%** from respondents



ENVIRONMENT

- » **Reduction** in total grid emissions by **8%**
- » **1181** MWh of solar energy consumed
- » Asset Enhancement Initiatives (AEI) planned/ conducted for 2 properties
- » Effective tracking of water and waste data

2020 AT A GLANCE



SOCIAL

- » Average of **39.9 hours** of training per employee
- » Employee satisfaction rate of **80%** from respondents



GOVERNANCE

- » **0** material incidents of non-compliance with laws and regulations
- » Reviewed and updated internal governance policies
- » Influenza Pandemic Preparedness Plan and Workplace Safe Management Measures
- » Compliance training for all employees

⁽¹⁾ Figure from JTC's Quarterly Market Report for Industrial Properties 4Q2020.

Sustainability



TENANTS

- » Isolation rooms to hold any identified COVID-19 case
- » Provided hand sanitizers at lift lobbies
- » Disinfected lifts and common areas every 2 hours
- » Held Webinar on workplace safety
- » Provided tenant relief measures
- » Provided regular updates via email circular on latest MOH advisories on COVID-19



EMPLOYEES

- » Swift response and information dissemination based on government directives
- » Implemented split-team work-from-home arrangements
- » Appointed Safe Management Officers
- » Conducted online bonding and wellness sessions for employees
- » Frequent disinfection of office premises.
- » Provision of hand sanitizers and surgical masks in the office



INVESTORS

- » Kept investors abreast of COVID-19 impact on the REIT with regular updates
- » Provided additional COVID-19 related disclosures
- » Provided detailed responses to key questions from unitholders ahead of both virtual Annual General Meeting and Extraordinary General Meeting

SUPPORTING OUR PEOPLE THROUGH THE COVID-19 PANDEMIC



SUPPLIERS

- » Conducted tender interviews and contractor meetings through virtual means
- » Conducted temperature screenings (where necessary), health declaration and mandatory SafeEntry registration for ESR-REIT suppliers entering our premises



COMMUNITY

- » Uplifted spirits among community residents with outreach activities such as the 2020 Mooncake Distribution Event and distribution of hot meals for Christmas

A STATEMENT FROM OUR BOARD

2020 has been a year of challenges, turbulence and lessons. Along with many other organisations, we collectively experienced unprecedented economic volatility and disruptions in day-to-day functions due to the COVID-19 pandemic. The pandemic has shown that widespread and significant disruptions, as unfortunate as they may be, are entirely possible. Hence, we recognise the importance of solidifying our platform in order to create value and deliver sustainable and stable income for our unitholders, as we move into a post-COVID-19 recovery.

As we navigated through 2020 and continue to emerge from the crisis, sustainability remains a key priority. This year, we have refined our targets for our material issues and have added a target on pandemic preparedness and resilience. These renewed targets reflect our continued commitment to excellence across our business and to managing environmental, social, and governance (ESG) issues most material to our stakeholders. We also mapped our material factors to the most relevant United Nations' Sustainable Development Goals (SDGs) in which we contribute to, aligning these goals with the goals of our sponsor, ESR Cayman.

Social issues, in particular, have come to the fore during the year. We took extra care to ensure the health, safety and well-being of our employees, workers and communities in which we operate in. When the Circuit Breaker and workplace safe management measures were introduced in Singapore, the Manager swiftly responded by supporting all employees in their transition to working from home. For employees whose jobs cannot be performed from home, we ensured their safety by adhering strictly to safe management measures and guidelines issued by the Singapore Government at the workplaces. Our stringent workplace safety measures contributed to zero COVID-19 cases and work-related injuries among our employees. Despite being socially disconnected, we took steps to foster interaction amongst employees and improve their well-being with bi-weekly online activities such as workout classes and health and well-being talks. Our high employee satisfaction rate of 80% is a testament to the support we have provided.

For our tenants, communication and ensuring regulatory compliance amidst the pandemic were key. Tenant engagement platforms that we had developed across the past few years, such as our 24/7 call centre, proved effective in ensuring continued support to our tenants during the year, earning us a tenant satisfaction rate of 79% despite the challenges.

The year has been particularly difficult for the vulnerable and disadvantaged communities. As with every year, we endeavoured to do our part for these communities in ways that are meaningful and enriching to them. This year, we focused our efforts on supporting the education and well-being of youth and children living in rental flats by providing tuition centres, as well as distributing mooncakes and Christmas meals in an attempt to lift their spirits in these especially difficult times.

Despite the pandemic, reducing the environmental footprint of our assets and operations remain a priority. We continued to embark on energy and water saving initiatives and reduced the operating hours for air-conditioning and lighting due to lower footfall at our properties due to COVID-19. We humbly acknowledge that sustainability and managing environmental impact is a continuous journey, and we endeavour to constantly improve on our performance in sustainability.

Finally, as we reflect on 2020, we would like to take this opportunity to thank our stakeholders for withstanding the headwinds and overcoming the challenges of the year. We look forward to your continued support as we collectively recover from the crisis, and strengthen the resilience and long-term sustainability of our business.

Sustainability

SUSTAINABILITY TARGETS AND PERFORMANCE

In view of the COVID-19 pandemic, we added a new target on pandemic readiness in 2020 for our material factor "Governance and Enterprise Risk Management".

Material Factor	Targets for 2020 and Going Forward	2020 Performance
Economic Impact	<ul style="list-style-type: none"> Refer to annual report 	<ul style="list-style-type: none"> Refer to annual report pages 22-27
Investment Management — Quality of Assets and Services	<ul style="list-style-type: none"> Invest in properties that will enhance the diversity of the sub-asset classes of ESR-REIT's portfolio Achieve a portfolio occupancy rate that exceeds Jurong Town Corporation's ("JTC") industrial occupancy average 	<ul style="list-style-type: none"> Refer to annual report page 79-95 Achieved a portfolio occupancy rate of 91.0%, exceeding JTC's industrial occupancy average of 89.9%⁽¹⁾ for 2020
Tenant Engagement and Satisfaction	<ul style="list-style-type: none"> Maintain tenant satisfaction levels at 65% or more each year with a response rate of over 60% 	<ul style="list-style-type: none"> Achieved a tenant satisfaction rate of 79% with a response rate of 65%
Energy and Carbon Footprint	<ul style="list-style-type: none"> Achieve 5% reduction in total energy⁽²⁾ consumption for multi-tenanted buildings ("MTB") from 2019 to 2023. Reduce energy intensity (kWh/m²) for MTBs by 1% per year Achieve Green Mark Certification for all buildings which undergo an Asset Enhancement Initiative "AEI" from 2019 onwards (where economically feasible and viable) 	<ul style="list-style-type: none"> Grid electricity consumption in 2020 was 39,715,245 kWh, a 8% reduction from 2019 Grid electricity consumption intensity decreased by 14% from 2019 to 2020 for all MTBs Renewed Green Mark Certification for 1 property that underwent AEI in 2020 and obtained new Green Mark Certification for 1 property that completed AEI in 2019.
Water	<ul style="list-style-type: none"> Obtain Water Efficiency Building "WEB" certifications for all MTBs by 2023 Achieve new WEB for 10% of the MTBs per year Reduce water intensity for MTBs by 2% per year 	<ul style="list-style-type: none"> 22 out of 31 MTBs were WEB certified as of 2020, an increase from 19 as of 2019 3 MTBs obtained WEB certifications in 2020 Water intensity was 3.2 m³/m² in 2020, a 9% reduction from 2019
Waste	<ul style="list-style-type: none"> Continue to report accurate waste data for all MTBs 	<ul style="list-style-type: none"> Data on waste managed by ESR-REIT at all MTBs is reported on page 143.
Environmental Compliance	<ul style="list-style-type: none"> Maintain no incidents of non-compliance with environmental regulations and laws 	<ul style="list-style-type: none"> No incidents of non-compliance with environmental regulations and laws
Employee Engagement and Satisfaction	<ul style="list-style-type: none"> Maintain fair employment practices and be a signatory to Tripartite Alliance for Fair and Progressive Employment Practices "TAFEP" Maintain employee satisfaction level at 75% or more each year with a response rate of over 75% Maintain an average of 16 training hours per employee per year 	<ul style="list-style-type: none"> Signatory to TAFEP Achieved employee satisfaction level of 80% with response rate of 93% 39.9 training hours per employee

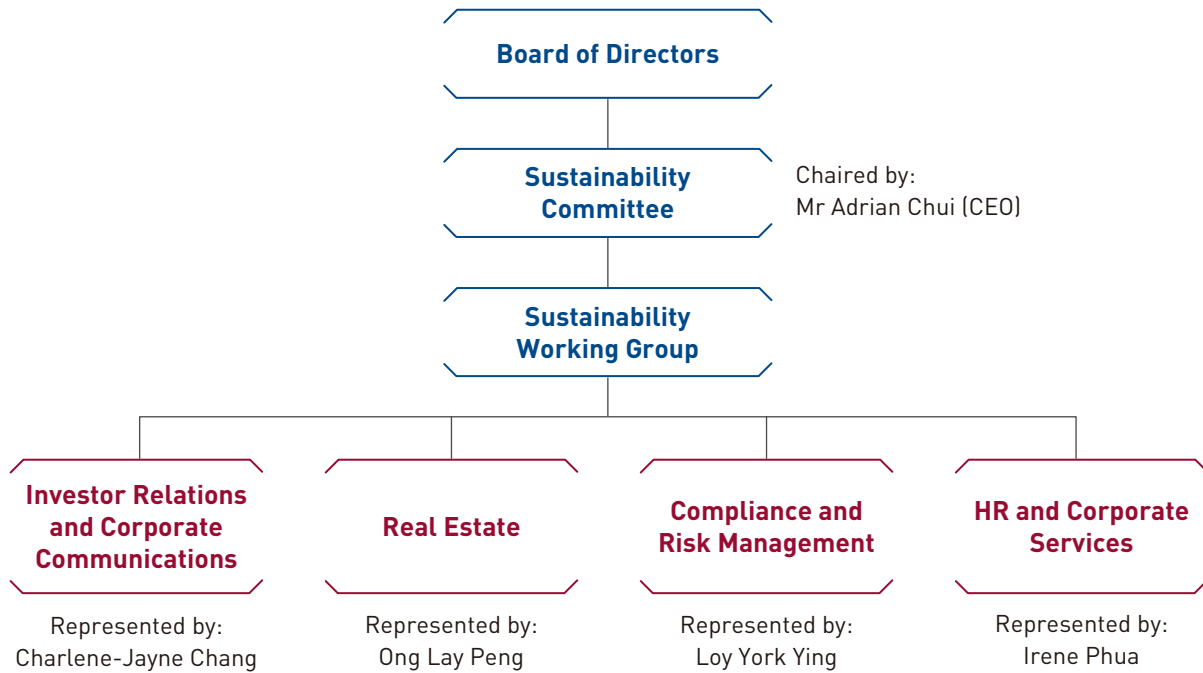
⁽¹⁾ Figure from JTC's Quarterly Market Report for Industrial Properties 4Q2020.

⁽²⁾ From grid electricity consumption

Material Factor	Targets for 2020 and Going Forward	2020 Performance
Health and Safety	<ul style="list-style-type: none"> To achieve Workplace Fatal Injury Rate “WFIR” and Workplace Injury Rate “WIR” that are below the real estate industry average Develop campaigns to promote a strong culture on safety for our employees and contractors Conduct health and safety committee meetings quarterly 	<ul style="list-style-type: none"> There were 0 fatalities and reportable injuries in 2020 for our employees Organised safety trainings for employees Monthly health and safety committee meetings were held to review and improve on the Workplace Safety and Health (WSH) practices
Community	<ul style="list-style-type: none"> Develop strategic community engagement programs based on community needs 	<ul style="list-style-type: none"> Despite COVID-19 Challenges, ESR-REIT has contributed to several community giving programs. For more information, please refer to pages 152-153
Governance and Enterprise Risk Management	<ul style="list-style-type: none"> Zero lapses in corporate governance or corruption Provide training to all employees on compliance with relevant governance policies Ensure procedures and business continuity plans are in place for pandemic preparedness and resilience 	<ul style="list-style-type: none"> Zero lapses in corporate governance or corruption Employees underwent training on compliance with governance policies Two policies — <i>Influenza Pandemic Preparedness Plan</i> and <i>Workplace Safe Management Measures</i> are in place and are being updated regularly Ensured timely and effective communication with unitholders, investors, tenants and employees as the COVID-19 situation evolved
Regulatory Compliance	<ul style="list-style-type: none"> Zero material incidents of non-compliance with socio-economic laws and regulations 	<ul style="list-style-type: none"> Zero material incidents of non-compliance with socio-economic laws and regulations

Sustainability

HOW WE MANAGE SUSTAINABILITY GOVERNANCE STRUCTURE



ESR-REIT's sustainability management comes under the purview of the Sustainability Committee.

In 2016, ESR-REIT established its Sustainability Committee, currently chaired by CEO Mr Adrian Chui and guided by ESR-REIT's Board of Directors. The chair oversees and drives the Manager's sustainability program. The Sustainability Committee takes responsibility for procedures and activities across the organisation related to sustainability. It also executes and monitors policies with regards to sustainability. The committee, supported by the Sustainability Working Group comprising of key members from different business functions, is also responsible for the annual sustainability reporting process.

MATERIALITY ASSESSMENT

ESR-REIT, with the support of the Sustainability Committee, has identified and assessed ESG factors most material to our business operations and of significant interest to our stakeholders. ESR-REIT considers its sustainability programs and performance in the context of its wider business objectives. The Manager benchmarks itself against industry peers in order to identify areas of improvement.



The Sustainability Committee reviews, on a regular basis, the Manager's approach to the REIT's operations, investments, projects and sustainability activities to evaluate if current policies and measures are robust and effective. Since our first materiality assessment in 2016, ESR-REIT has reviewed our material issues annually to proactively consider risk and opportunities. In 2019, a materiality re-assessment was conducted to take into account sustainability issues born out of the 2018 merger with Viva Industrial Trust. After validation from the Board, the expanded list of material issues were introduced and have been adopted since. In 2020, we reviewed the targets for all our material issues. In view of the COVID-19 pandemic, we added a new governance target on pandemic readiness. We also mapped our material factors to the most relevant United Nations' Sustainable Development Goals (SDGs) which we contribute to, in alignment with our sponsor, ESR Cayman.

Our material issues and SDGs are disclosed on page 135.





STAKEHOLDER ENGAGEMENT

ESR-REIT endeavours to operate our business in ways that are responsive and addresses stakeholder concerns. We recognise that stakeholder engagement is key in understanding their needs, communicating expectations, and ensuring that we address their concerns. We conduct regular engagement via a range of platforms, allowing us to involve stakeholders holistically and build positive and lasting relationships with them.

The ESR-REIT Sustainability Committee has identified our key stakeholder groups that are critical to our performance and long-term business strategy.











Stakeholder	Forms of engagement	Key topics raised	How we responded
Investment Community (Institutional and Retail Investors, Analysts and the Media) 	<ul style="list-style-type: none"> Dedicated investor relations team proactively communicates with the investment community, keeping them updated on operational and financial performance, as well as ESR-REIT's long-term strategy Regular financial and non-financial performance updates Annual General Meetings and Extraordinary General Meetings Investor conferences, face-to-face meetings and Non-Deal Roadshows 	<ul style="list-style-type: none"> Long-term, sustainable and recurring distributions Total investment returns ESR-REIT's strategic outlook and growth prospects Updates on ESR-REIT's portfolio performance, asset and capital management, asset enhancement initiatives ("AElS"), acquisitions and divestments as well as major corporate developments 	<ul style="list-style-type: none"> Announcement of half-yearly and annual financial results, with interim updates in between the results period. Comprehensive investor relations section on company website Additional COVID-19 related disclosures Provided written responses to key questions from unitholders ahead of virtual Annual General Meeting and Extraordinary General Meeting
Board of Directors 	<ul style="list-style-type: none"> Regular face-to-face or virtual meetings, online communication and calls Orientation and training programmes for new and existing Directors Annual Board evaluation 	<ul style="list-style-type: none"> ESR-REIT's overall corporate governance and sustainability framework and initiatives Setting of ESR-REIT's strategic objectives, broad policies, procedures and targets Ensuring regulatory compliance Ensuring that the organisation meets the needs and expectations of stakeholders 	<ul style="list-style-type: none"> Timely and regular updates from key management on business activities

Sustainability

Stakeholder	Forms of engagement	Key topics raised	How we responded
Government Agencies and Industry Organisations 	<ul style="list-style-type: none"> • Periodic participation in industry forums and dialogues • Membership in industry associations such as the REIT Association of Singapore (“REITAS”), etc 	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • ESR-REIT’s economic, environmental, social and governance impacts on the communities the REIT operates in 	<ul style="list-style-type: none"> • Ensure compliance with all applicable laws and regulations • Regular monitoring and evaluation of ESG impacts
Existing and Potential Tenants 	<ul style="list-style-type: none"> • 24/7 call centre with specialised functions, addressing tenants’ varying concerns • Open communication • Frequent site visits and face-to-face discussions • Social and networking events • Tenant satisfaction survey 	<ul style="list-style-type: none"> • Competitive rental rates and locations • Conducive and secure working environment with adequate facilities • On-site security practices and management • COVID-19 related support 	<ul style="list-style-type: none"> • Support for key tenants’ corporate milestone events • Responsiveness towards tenants’ feedback • Provided discretionary rental relief, on top of government mandated relief measures to eligible tenants
Local Communities 	<ul style="list-style-type: none"> • Open communication • Regular monitoring of community needs via feedback sessions with Member of Parliament and community centres for respective constituencies 	<ul style="list-style-type: none"> • Responsible operations • Support in community development and activities • Creation of employment opportunities • Compassion and care for the underprivileged in society 	<ul style="list-style-type: none"> • Partnerships and sponsorships for events and programmes • Giving back to the community through donations and participation in meaningful community outreach activities • Supporting tenants’ CSR programmes where possible
Management Team and Employees 	<ul style="list-style-type: none"> • Weekly/bi-weekly department meetings • Bi-weekly Heads of Departments’ meetings 	<ul style="list-style-type: none"> • Empowerment and active engagement • Competitive remuneration and benefits • Job security, stability and pathways for career progression • Health, workplace safety and work-life balance • Equality and diversity at the workplace 	<ul style="list-style-type: none"> • Orientation and training programmes for new employees • Annual performance review • Training and development programmes • Team bonding activities, staff loyalty recognition programmes and health initiatives • Annual employee engagement survey

OUR MATERIAL FACTORS

Taking into considerations key concerns commonly raised by stakeholders, and issues most material to our business, we have defined the following list of material issues. This year, we have also aligned our Sustainable Development Goals with our Sponsor, ESR Cayman.

Category	Material Factor	Related GRI Topics	Priority United Nations Sustainable Development Goals
Economic 	Economic impact	Economic Performance	
	Investment Management — Quality of Assets and Services	Non-GRI Topic	
	Tenant Engagement and Satisfaction	Non-GRI Topic	
Environmental 	Energy and Carbon Footprint	Energy Emissions	 
	Water	Water	
	Waste	Effluents and Waste	
	Environmental Compliance	Environmental Compliance	
Social 	Employee Engagement and Satisfaction	Employment Training and Education	  
	Health and Safety	Occupational Health & Safety	
	Community	Local Communities	
Governance 	Governance and Enterprise Risk Management	General Disclosures Anti-Corruption	
	Regulatory Compliance	Socioeconomic Compliance	



Sustainability

ESR-REIT adopts robust investment and divestment policies that bring the most value to Unitholders.



ECONOMIC

INVESTMENT MANAGEMENT – QUALITY ASSETS AND SERVICES



TARGETS >>

- Invest in properties that will enhance the sub-asset class diversity of ESR-REIT's portfolio
- Achieve a portfolio occupancy rate that exceeds Jurong Town Corporation's ("JTC") industrial occupancy average

The Manager gathers data and monitors tenant occupancy and retention rates annually, and benchmarks them against industry peers to identify areas of improvement. In 2020, we achieved a portfolio occupancy rate of 91.0%, above the industry average of 89.9%⁽¹⁾

The Manager continues to commit to responsible investment management practices in order to maximise and deliver economic value to its Unitholders in the long-term. We invest in diverse, good quality, accretive assets in order to build a portfolio that generates higher returns, reduces risk and creates a more stable flow of income for the REIT and recurring distributions for Unitholders. At the same time, we seek opportunities

to improve existing properties through proactive asset management and AEs. Our strategy is driven through three strategic objectives (see pages 24-25 of this report for further detail):

1. Active acquisition and development growth
2. Achieving organic growth
3. Exercising prudent capital management

Our investment and divestment policies help to maintain the quality and diversity of ESR-REIT's portfolio.

Building certifications indicate the quality of assets and provide increased value for our unitholders. Achieving such building certifications strongly correlates to positive returns on investment and high levels of tenant satisfaction. The Manager is committed to achieving green building certifications — such as the Singapore BCA Green Mark or Leadership in Energy and Environmental Design ("LEED") - for both new developments and existing properties.

In addition to ongoing maintenance, AEs are carried out regularly to improve the overall quality of assets. This includes the enhancement of facades, drop-off point shelters, fire-sprinkler systems, lift lobbies and washrooms. Due to the COVID-19 pandemic, there have been delays to the AEI works for some assets identified in 2019. We have resumed AEI works in the second half of 2020.

⁽¹⁾ Figure from JTC's Quarterly Market Report for Industrial Properties 4Q2020.

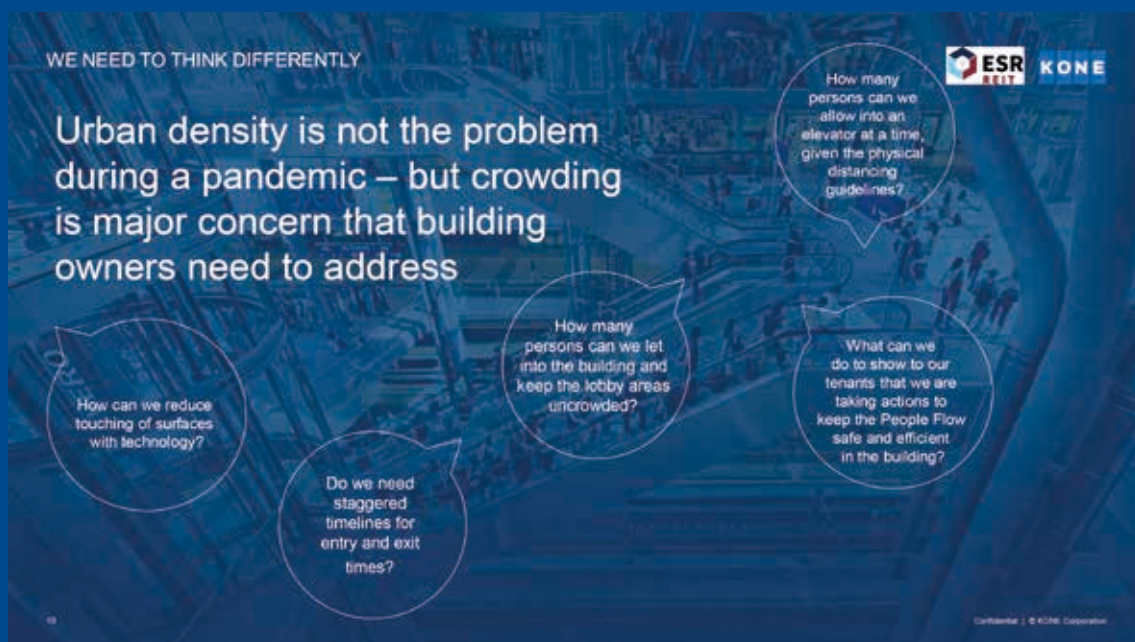
OPERATIONAL EXCELLENCE AND PORTFOLIO RESILIENCE DURING COVID-19

Managing Risks for Possible COVID-19 Cases

Across our MTBs, we have identified dedicated isolation rooms and/or areas to hold any identified COVID-19 cases. We also stocked-up surgical masks, disposable gloves, hand sanitizers, and other essential safe management items for operation teams in the event of a suspected COVID-19 case within our premises.

Supporting Tenants in Safe Management Measures

To support our staff and tenants in navigating the new regulations and workplace practices, we organised a webinar in collaboration with KONE (see image below). We discussed some key concerns of returning to the workplace, the future of work, and provided some practical steps on how to carry out work safely.



Some of the best practices shared included:

- Planning in-building traffic flow well (i.e. to avoid overcrowding in small spaces such as lifts)
- The need to stagger work schedules to avoid crowding
- Limiting movement in buildings (i.e. providing access to select floors for specific occupants)
- Designation of one-way traffic systems for entry and exit to minimise interaction
- Importance of personal and social responsibility

Sustainability

TENANT ENGAGEMENT AND SATISFACTION



TARGETS >>

- Maintain tenant satisfaction levels at 65% or more each year with a response rate of over 60%

Tenants are one of our key stakeholders and play an integral part to our success. Good working relationship born out of mutual respect with tenants enable the Manager to better anticipate, understand and respond to changing tenant requirements, thus strengthening tenant attraction and retention.

This is achieved through regular communication, timely resolution of issues and progressive upgrading of facilities. This can include, for example, periodic site visits, email correspondences, annual tenant engagement events and tenant satisfaction surveys.

In 2019, we introduced a 24/7 call centre for our tenants to provide feedback or raise issues with greater ease and in a timely manner. As part of our commitment to continually improve tenant engagement, we have further enhanced this platform. Our call centre has further specialised into two channels — high-specifications industry and general/warehousing industry. This allows the Manager to better serve and respond to requests from tenants of varying industries, especially during uncertain periods due to the pandemic. The call centre is managed by an external vendor and provides monthly reports for management’s review. With the introduction of this call centre, there is a more efficient and systematic process for the lodging of defect reports and case progress monitoring. Systemic issues are easily identified and preventative measures can be implemented.

This year, we saw an increase in tenant satisfaction, largely attributed to our tenants’ satisfaction on overall property managers’ and leasing managers’ service level and competency, as well as on billing matters.

	2018	2019	2020
Tenant Satisfaction Rating	69%	74%	79%





ENVIRONMENTAL

The buildings and buildings construction sectors combined are responsible for over one-third of global final energy consumption and nearly 40% of total direct and indirect CO₂ emissions⁽¹⁾. As one of Singapore's leading real estate investment trusts with a portfolio of industrial assets, ESR-REIT fully recognises our responsibility to do our part for climate action.

In 2021, we will implement an Environmental Policy in which we commit to reduce our properties' environmental footprint by efficiently managing resources with significant environmental impact, such as energy, water and waste. We acknowledge that sustainability and managing environmental impact is a journey, and we endeavour to constantly improve on our performance of key indicators. The Manager strives to implement cost-effective measures to prevent negative environmental impact caused by its properties' operations, while adopting a precautionary approach to environmental challenges.

Performance data reported in this section was limited to the common areas of occupied properties within the operational control of ESR Property Management (S) Pte Ltd, unless stated otherwise.

REDUCING OUR ENERGY CONSUMPTION AND CARBON EMISSIONS



TARGETS >>

- Achieve 5% reduction in total energy consumption for multi-tenanted buildings ("MTB") from 2019 to 2023.
- Reduce energy intensity (kWh per m²) for MTBs by 1% per year
- Achieve Green Mark Certification for all buildings which undergo an Asset Enhancement Initiative (AEI) from 2019 onwards (where economically feasible and viable)

How we manage this issue

This year, Singapore submitted its enhanced Nationally Determined Contribution (NDC) to peak emissions at 65 MtCO₂e by 2030. In line with this strengthened commitment, the Manager seeks to improve energy performance and efficiency of our properties. We aim to reduce energy intensity by 1% per year and reduce energy consumption by 5% from 2019 to 2023 for MTB. In setting these targets, ESR-REIT hopes to contribute to Singapore's climate change commitments.

⁽¹⁾ International Energy Agency, <https://www.iea.org/topics/buildings>

Sustainability

Energy consumption is monitored monthly to ensure operations at our managed properties are functioning efficiently and to identify opportunities for improvement. Various environmental practices and energy efficiency initiatives have been implemented at our properties over the years. We are consistently replacing traditional light fittings to LED energy savings types. To-date, we have completed such replacements in 80% of our directly managed properties. The remaining properties are in the pipeline for improvement/replacement. In 2020, our energy saving improvements included:

- Replacement of conventional light fitting to LED lights at common corridors, lobbies, M&E rooms, staircases
- Replacement of washrooms lights to LED lights with motion sensor lights
- Replacement of Sodium Vapour Floodlights to LED at rooftops
- Adjustment of lighting timers from 7am - 7 pm to 7 am - 5 pm
- Installation of VSD for condenser water

ESR-REIT's ongoing Asset Enhancement Initiative ("AEI") strategy to revitalise older buildings within the portfolio while at the same time improving energy efficiency and water efficiency. This year, two of our assets — 19 Tai Seng Avenue and UE BizHub EAST underwent enhancement works. After the Circuit Breaker ended in June, we resumed AEI works for UE BizHub EAST and works for 19 Tai Seng commenced in the third quarter of 2020, with expected completion by the third quarter of 2021.

ESR-REIT aims to obtain Green Mark Certification for all buildings which undergo an AEI. Properties with Green Mark and LEED certifications are listed below. A new Green Mark certification was obtained for 30 Marsiling Industrial Estate Road 8 earlier in 2020, and the certifications for UE BizHub EAST and 88 International Road⁽¹⁾ were renewed. 86 International Road⁽¹⁾, 30 Toh Guan Road, 21B Senoko Loop, and 3 Pioneer Sector 3 are undergoing Green Mark re-certification.

BCA Green Mark Certifications in ESR-REIT's Portfolio

Property	Year of Award & Certification Status
30 Marsiling Industrial Estate Road 8	2020 — Green Mark Certified
UE BizHub EAST	2020 — Green Mark Gold Plus (Commercial) and Green Mark Gold (Hotel and Convention Centre)
88 International Road	2018 — Green Mark Certified
30 Toh Guan Road (Annexed Warehouse)	2017 — Undergoing re-certification
86 International Road ⁽¹⁾	2016 — Undergoing re-certification
21B Senoko Loop	2015 — Undergoing re-certification
3 Pioneer Sector 3 (Block 2)	2015 — Undergoing re-certification

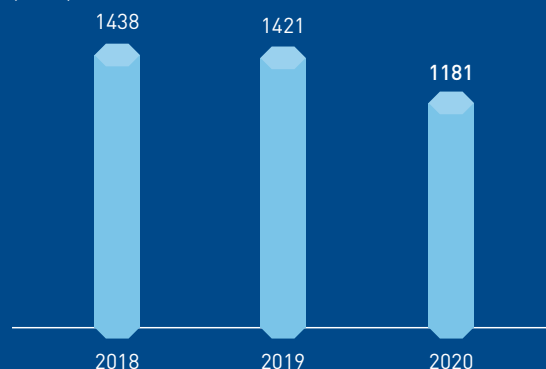
LEED Certifications in ESR-REIT's Portfolio

Property	Year of Award & Certification Status
15 Greenwich Drive	2013 — Core and Shell 'Platinum'

OUR SOLAR HARVESTING PROGRAMME

Since 2013, ESR-REIT has been harnessing solar energy across our properties. In 2020, 9 out of our 57 properties have solar panels installed on their rooftops. 1180.91 MWh of solar energy was consumed by five of the properties. Solar energy harvesting in the four remaining properties is managed directly by our tenants or supplied to other buildings outside of our organisation. As at December 2020, solar energy has generated \$73,023.96 of savings to date. The Manager is looking into further enhancing our solar initiatives in the first to second quarter of 2021.

Total Solar Energy Consumption (MWh)



⁽¹⁾ 88 and 86 International Road are two adjacent buildings and are considered as one property in the ESR-REIT portfolio. Certification for 88 International Road has been renewed, and 86 International Road is undergoing renewal at the time of report publication.

2020 Performance: Electricity, Cooling and Carbon Emissions

Electricity consumption and intensity	2018	2019 ⁽²⁾	2020
Number of buildings ⁽¹⁾	17	24	27
Grid Electricity Consumption (kWh)	29,242,686	43,339,257	39,715,245
Electricity Consumption Intensity (kWh/m ²)	349	345	298

⁽¹⁾ Includes only multi-tenanted buildings (MTBs) with grid electricity consumption directly managed by the Property Manager

⁽²⁾ Figures for 2019 have been restated after an internal verification exercise

Cooling consumption and intensity	2018	2019	2020
Number of buildings ⁽¹⁾	0	1	1
Cooling Consumption (kWh)	Not applicable	572,591	464,401
Cooling Consumption Intensity (kWh/m ²)	Not applicable	268	217

⁽¹⁾ Includes only multi-tenanted buildings (MTBs) with cooling consumption directly managed by the Property Manager.

Carbon Emission and intensity ⁽¹⁾	2018 ⁽²⁾	2019 ⁽³⁾	2020 ⁽⁴⁾
CO ₂ Emissions (tonnes CO ₂)	12,300	17,789	16,293
CO ₂ Emissions Intensity (tonnes CO ₂ /m ²)	0.147	0.142	0.122

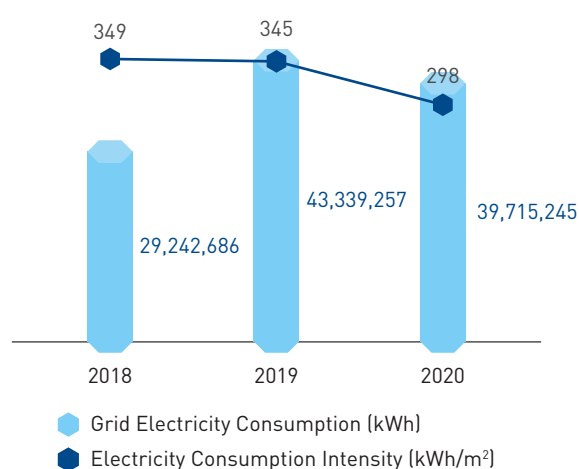
⁽¹⁾ Includes grid electricity and cooling consumption

⁽²⁾ Carbon dioxide emissions and intensity data for 2018 are restated due to a change in emission factor from 0.4188 kg CO₂/kWh to 0.4206 kg CO₂/kWh

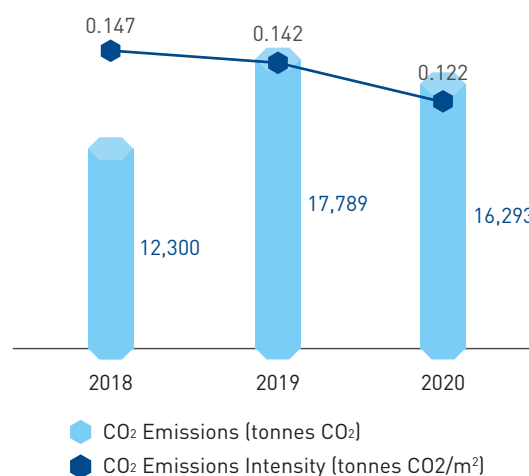
⁽³⁾ Carbon dioxide emissions and intensity data for 2019 are restated due to change in emission factor from 0.4188 kg CO₂/kWh to 0.4085 kg CO₂/kWh, and the inclusion of emissions from cooling consumption. Cooling emission factor was provided by the supplier.

⁽⁴⁾ Carbon dioxide emissions from electricity for 2020 are calculated based on Singapore Energy Market Authority's Average Operating Margin (OM) Grid Emissions Factor (GEF) for 2019 (0.4085 kg CO₂/kWh), and the inclusion of emissions from cooling consumption. Cooling emission factor was provided by the supplier.

Electricity Consumption and Intensity



Scope 2 Carbon Emissions and Intensity



Total grid electricity consumption in 2020 was 39,715,245 kWh, an 8% decrease from 2019 levels. Electricity consumption intensity also decreased by 14% from 345 kWh/m² to 298 kWh/m². The decrease can be attributed to reduced occupancy in buildings as a result of COVID-19

safe management and tenants' work-from-home measures, as well as the implementation of energy saving measures such as the reduction of operational hours of the elevator and air-conditioning, and turning the lights off at lower traffic areas.

Sustainability

REDUCING OUR WATER CONSUMPTION



TARGETS >>

- Obtain Water Efficiency Building (WEB) certifications for all MTBs by 2023
- Achieve new WEB for 10% of the MTBs per year
- Reduce water intensity for MTBs by 2% per year

How we manage this issue

As a city state, water resources in Singapore are extremely precious. With the changing climate and increasing unpredictability of water sources, Singapore is expected to be one of the most water stressed countries by 2040⁽¹⁾. At present, Singapore, where all our assets are based, has not been assessed as experiencing water stress. However, ESR-REIT remains vigilant in managing our water impact and prioritises the management of water across our properties, particularly for industrial buildings which are large water users. We strive to certify our properties with the WEB certification, issued by PUB, Singapore’s national water utilities provider. All water discharge is in compliance with Singapore’s strict water discharge laws and standards.

2020 Performance: Water Withdrawal

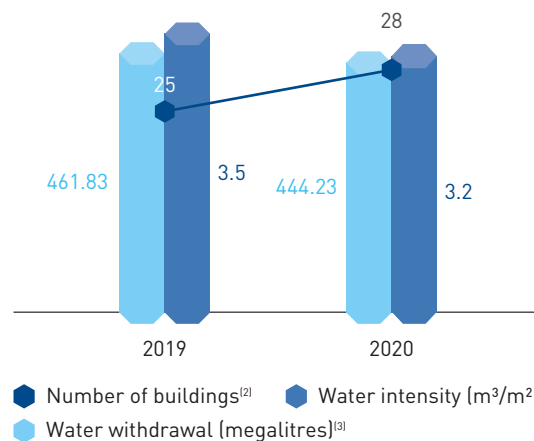
3

MTBs obtained WEB (Basic) certifications in 2020

22 out of 31

MTBs in total obtained WEB (Basic) certifications as of 2020

Water intensity reduced by 9% in 2020 despite the increase in buildings managed, due to a decrease in tenant activity levels as a result of the COVID-19 pandemic, as well as the implementation of water saving measures such as more water-efficient taps and flush. As at the end of 2020, 22 out of 31 MTBs were WEB certified, an increase from 19 in 2019. We have achieved our target of certifying more than 10% of MTBs per year. We have plans to certify seven more MTBs by the end of 2021.



⁽¹⁾ Source: World Resources Institute, 2015

⁽²⁾ Includes multi-tenanted buildings (MTBs) with water withdrawal directly managed by the Property Manager.

⁽³⁾ All water withdrawn from municipal water sources.

REDUCING OUR WASTE



TARGETS >>

- Continue to report accurate waste data for all MTBs

How we manage this issue

As part of ESR-REIT’s efforts to continually progress along our sustainability journey, waste has been identified as a material issue in 2019, the year the Singapore government launched the Zero-Waste Masterplan. In support of this Masterplan and in recognising the importance of waste management in managing our environmental footprint, data collection and monitoring of waste was subsequently implemented across our MTBs.

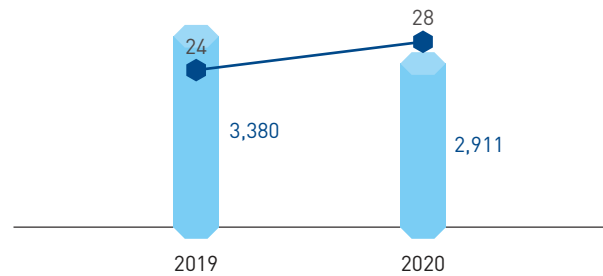
2020 Performance: Waste Management

19.2%
Waste diverted to recycling

80.8%
Waste diverted to waste-to-energy facilities

70.9%
MTBs have general recycling bins (22 out of 31)

Since 2019, the Manager has been tracking the amount of waste produced and recycled in its MTBs. Over a year into tracking and reporting on waste, we are already able to identify key trends such as, properties that generate large amounts of waste and the breakdown on various types of waste. This enables us to better engage our tenants in waste reduction activities, as well as to identify effective methods of diverting waste from disposal. In capturing recycling data, we have been able to establish that 19.2% of the waste across our properties is recycled, with the rest being processed at waste-to-energy facilities. The Manager believes that the first course of action for waste management is always recycling, and will take steps to reduce waste to the best of our ability. In 2020, MTBs directly managed by the Property Manager generated a total of 2,911 tonnes of waste, none of which was hazardous.



◆ Number of buildings⁽¹⁾ ● Total waste generated (tonnes)

Since 2019, the Manager has implemented an additional e-waste collection service. To encourage greater recycling behaviour among tenants, e-waste bins were set up at 7000 Ang Mo Kio Avenue 5. E-waste bins are also available at ESR BizPark@Chai Chee (formerly Viva Business Park) and UE BizHub EAST, and are managed by Starhub as part of Starhub’s e-waste recycling programme.

UPHOLDING ENVIRONMENTAL COMPLIANCE



TARGETS >>

- Maintain no incidents of non-compliance with environmental regulations and laws

0

reported cases of non-compliance with environmental laws and regulations at the properties which the Property Manager manages directly

We ensure compliance with environmental laws and regulations through ensuring that we are kept up-to-date with environmental regulations applicable to our operations, and through relevant regulators and participating in industry forums and dialogues. We also ensure that the relevant laws and regulations are communicated to our tenants, and expect them to comply accordingly.

⁽¹⁾ Includes only multi-tenanted buildings (MTBs) with waste disposal directly managed by the Property Manager.

Sustainability



SOCIAL

The pandemic has starkly reminded us that our shared prosperity is contingent upon the collective health, safety and well-being of those around us. ESR-REIT has always recognised that our employees are our biggest asset, and that our success is dependent upon the commitment, motivation and talent of our employees. Even through such difficult times, the Manager is proud to stand by its employees and have provided them with support to help navigate through the crisis.

In extending this care and social responsibility, ESR-REIT has also always committed to positively contributing to the communities in which we operate in. This year has been a challenging year for many. As such, we have engaged and contributed to the vulnerable within our community, especially children.

EMPLOYEE ENGAGEMENT AND SATISFACTION



TARGETS >>

- Maintain fair employment practices and be a signatory to Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)
- Maintain employee satisfaction level at 75% or more each year with a response rate of over 75%
- Maintain an average of 16 training hours per employee per year

How we manage this issue

2020 has brought about unprecedented, fundamental, and certain long-term changes to the workplace and workforce. For example, remote working and its associated effects on worker motivation and well-being have come to the fore. In order to remain resilient and retain talent, ESR-REIT recognises the need to adapt to such challenges. The Manager's long-standing commitment to employee engagement and satisfaction stands strong, especially in a year such as 2020.

The pandemic brought upon new ways of working that may be daunting for many. As such, the Manager provided timely updates on work processes such as split team arrangements and work-from-home schedules were regularly communicated to employees to provide some peace of mind during such uncertain times. Additionally, the Human Resources and Corporate Services (HRCS) team also ensured that our employees remain connected amidst social restrictions. Unlike previous years, our employees were not able to regularly gather for bonding and team building events — something that has been part of ESR-REIT's culture. Instead, online activities were organised bi-weekly to ensure that employees remain connected and motivated.

As the world gradually recovers from the economic impact of the pandemic, many foresee that the skills expected of our workforce will start changing rapidly. In tandem with this trend, the Manager firmly believes in the training and development of our people, in order to equip them with skills for the future.

In 2020, we launched our first group-wide Employee Engagement Survey in conjunction with our sponsor, ESR Cayman. The survey was conducted by a third-party research provider to ensure confidentiality and anonymity. The survey was open to all employees on a voluntary basis and measures satisfaction level for the following areas:

1. Career Development
2. Teamwork
3. Inclusion and Respect
4. Immediate Supervision
5. Engagement
6. Leadership
7. Communication

We are heartened to achieve an 80% satisfaction score with a 93% response rate. We will continue to work hard to maintain the high satisfaction level.

2020 Performance: Employee Satisfaction

80%

Employee Satisfaction Score in 2020

93%

Response Rate in 2020



Sustainability

Training and Education

LONG SERVICE AWARDS 2020

Last year, three of our employees were recognised for their long and outstanding service to ESR-REIT. The following individuals were recipients of ESR-REIT's Long Service Awards for 2020:

5-YEAR LONG SERVICE AWARD



Shirin Binte Abdul Rahman

HR and Corporate
Services Department

5-YEAR LONG SERVICE AWARD



Ong Huiling

Finance Department

10-YEAR LONG SERVICE AWARD



Edwin Ho

Project Management Department

The Manager seeks to develop a culture of holistic learning to enhance our employees' skillset. Every employee is required to clock a minimum of 16 training hours per year. This can include participation in relevant workshops, seminars and courses to improve their technical knowledge as well as soft skills. Human Resources Department is responsible for the sourcing and promoting of training, as well as assisting with registration of employees to such training sessions.

This year, our Human Resources Department has noted an uptake of web-based learning (i.e. webinars) as employees spend more time working from home. We conducted job-specific online training, which included technical updates for all roles as well as occupational first aid courses. We also conducted sessions on soft skills building for our employees. Employees are also encouraged to seek opportunities for professional as well as personal growth in addition to the courses recommended by the Human Resources department.

39.9

Average hours of training
per employee in 2020

Average hours of training per employee was 39.9 in 2020, a decrease from 48.1 in 2019 due to workplace limitations during the pandemic. While most of our internal training sessions were also conducted online wherever possible, employees taking diploma or degree courses have decreased in 2020. The Manager recognises the need to keep employees abreast in their technical knowledge and skills in light of the increasingly complex environment that it operates in.

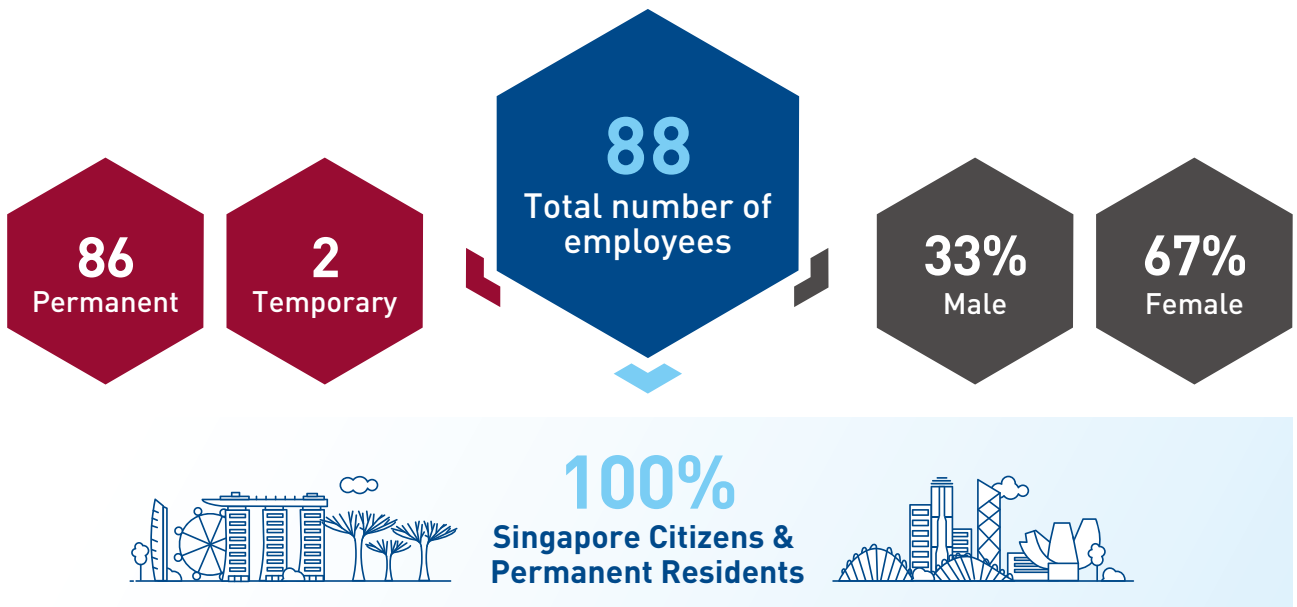
Diversity and Equal Opportunity

The Manager adopts a merit-based approach to recruitment and promotion. A “promotion from within” culture is adopted when hiring and filling positions. The Management is encouraged to look internally to fill newly available positions before hiring externally. These commitments are incorporated into the Manager’s Human Resource Management (“HRM”) policy and practices and are aligned with the key principles defined by the Tripartite Guidelines on Fair Employment Practices (“TGFEF”) and

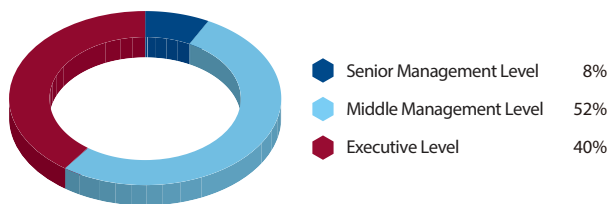
the Ministry of Manpower’s Fair Consideration Framework. The Manager is a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP).

Our People

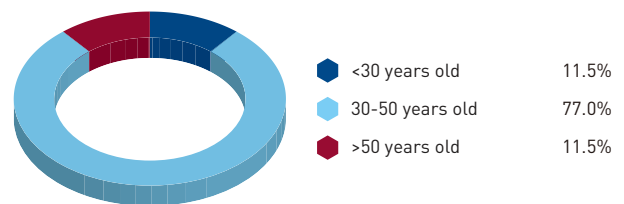
In 2020, there were 10 new hires, of which 40% were male and 60% were female. 30% were less than 30 years old and 70% were between 30 to 50 years old. The Manager continues to strive for diversity across its Board and employees.



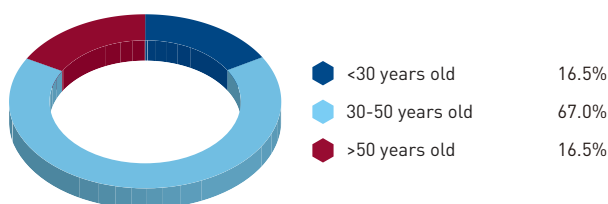
Employees by Category



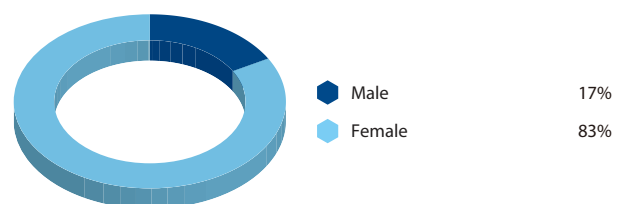
Employees by Age Group



Employees Turnover by Age



Employees Turnover by Gender



Sustainability

HEALTH AND SAFETY



TARGETS >>

- To achieve Workplace Fatal Injury Rate (WFIR) and Workplace Injury Rate (WIR) that are below the real estate industry average
- Develop campaigns to promote a strong culture on safety for our employees and contractors
- Conduct health and safety committee meetings quarterly

How we manage this issue

Worker health and safety has taken on new dimensions during the pandemic. Upon the onset of COVID-19 and introduction of workplace safe management regulations in Singapore, our Business Continuity Plan “BCP” Management and HRCS teams quickly pivoted to ensure smooth adoption of extra safety measures at the workplace and work-from-home arrangements. This included the provision of adequate office equipment, resources, and processes — so as to ensure that employees are able to continue working effectively and more importantly, safely. The Manager proactively updated employees and tenants on COVID-19 safety measures throughout the year. Guided by our robust Workplace Safety and Health System, we ensured the safety of all employees. We actively monitored and worked together with tenants to manage any COVID-19 cases that arose within our properties and ensured disinfection was thoroughly carried out.

Workplace Safety and Health (WSH) system

In 2020, we adopted a new occupational health and safety “OHS” management systems standard, ISO 45001:2018, as the standard for our WSH system. Our OHS management system is internally and externally audited, and is in line with the regulations and guidelines of Singapore’s Ministry of Manpower “MOM”. The system covers all of our 86 permanent employees and 2 temporary employees. Our WSH system also applies to 256 workers¹ (which includes on-site technicians, cleaning staff, and security guards in our MTB).

Work-related hazards are actively identified and diagnosed during routine inspections and day-to-day operations of contractors and tenants. Investigations of work-related incidents are a formalised process; usually investigated by the property or project manager in-charge, who works with the vendor in-charge to put in place prevention measures. Our contractors and vendors are also expected to adhere to the ISO 45001:2018 standard, which minimises work-related hazards and risks at project sites and properties.

We abide by all of the applicable OHS regulations from the MOM in Singapore, which includes the reporting of any occurrence of onsite work-related incidents. All our employees and workers are encouraged to be proactive in reporting work-related hazards and hazardous situations. We have procedures in place to ensure that employees and workers are able to remove themselves from situations they deem to be unsafe.

Starting in the fourth quarter of 2019, the Manager appointed an external workplace safety and health (“WSH”) consultant to audit buildings for workplace, fire and building safety on a monthly basis. By the end of 2020, 56 properties had been audited.

Our WSH committee is responsible for monitoring and advising on OHS programs. Comprising of senior management and executives representing various departments, the committee represents around 15% of our employees. Monthly meetings are held to review and improve on the WSH practices. The WSH consultant was also appointed to be an advisor to the WSH committee.

At our headquarters, all employees are trained in workplace safety during new hire training, such as fire evacuation plans, appointed first aiders and location of the safety kit. This year, employees were encouraged to attend a General Training for Safety Awareness provided by the Singapore Civil Defence Force “SCDF”.

⁽¹⁾ Term contractors’ workers who conduct preventive maintenance are not covered by our OHS management system as their access to our properties are not permanent and on an ad hoc basis.

Our employees undergoing first- aid training at the Singapore First Aid Training Centre



Sustainability

The property management team undergoes compulsory annual training to ensure best safety practices and knowledge of its properties such as Occupational First Aid, Implementation of Incident Management Processes (IIMP) training and Responding to Fire Incidents at the Workplace

training (RFIW). The Occupational First Aid certificate requires recertification every two years, while the IIMP and RFIW training are one-off sessions. In 2020, all Property Managers and Property Executives underwent IIMP and RFIW training.

2020 Performance: Occupational Health & Safety

2020	Employees	Other workers
No. of work-related fatalities	0	0
Fatality rate (per 1,000,000 hours worked)	0	0
No. of recordable work-related injuries	0	1
Recordable work-related injury rate (including fatalities) (per 1,000,000 hours worked)	0	1.17
No. of high-consequence work-related injuries	0	0
High-consequence work-related injury rate (excluding fatalities) (per 1,000,000 hours worked)	0	0
Total manhours worked	183,793	724,992 ⁽¹⁾

While there was no employee work-related injury and no work-related fatality in 2020, there was one contractor work-related injury. A technician had accidentally knocked his head against a cabinet of the electrical distribution board whilst carrying out his inspection and meter reading duties. He sustained minor cuts on his head. In order to prevent similar accidents, luminous warning stickers have been pasted at the sides of the distribution board cabinet and walls to alert passers-by.

Supporting Employee Health & Wellbeing

Beyond ensuring safety, the Manager also provides the following health benefits to all employees to promote health and well-being:

- Employee Insurance Cover: Term Life, Personal Accident and Permanent Disability, Hospital and Surgical, Outpatient Specialist and Travel
- Flexi-benefits scheme allowing reimbursements for approved expenditures
- Comprehensive leave entitlements, including birthday leave and study leave
- Flexible work arrangements

To further promote a healthy lifestyle, the Manager co-funds employee membership to a local health and wellness facility. Regular company organised exercise activities such as bowling and yoga were typically conducted in previous years. Such health and wellness activities were instead organised online this year. This year, the Manager partnered with a medical provider to provide complimentary annual health screening for all employees, including temporary and contract staff.

0

Workplace Injury Rate⁽²⁾ in 2020

0

Workplace Fatal Injury Rate⁽²⁾ in 2020

⁽¹⁾ Worker manhours were estimated from daily rosters
⁽²⁾ Per 100,000 employees

COVID-19 Safe Management Measures at the Workplace

A Safe Management Team, which reports to the Business Continuity Plan (BCP) Management Team, was set up in 2020 to manage and respond to the COVID-19 impact on ESR-REIT. The Head of Compliance and Risk Management led the team to implement measures catering to situations at each point in time and ensure adherence to COVID-19 related statutory regulations and advisories.

Since the onset of the pandemic at the end of January to early February 2020, we set up systems of communication and ensured that all staff declared their health and travel history. We commenced split team and work-from-home arrangements in early-February, monitored the health and safety of our staff, and stepped-up cleaning in our premises.

In March, we implemented strict safe distancing measures in our workplaces prior to the imposition of the Circuit Breaker by the government, and had all staff work remotely, with the exception of property management (PM) onsite staff. Only identified support staff from Leasing, Finance and Corporate Services were allowed to return office on certain fixed days to work with a limit of four staff per day.

In October, we started easing back to working in the office with the implementation of workplace safe management measures announced by the MOM. This remained the default through the year.

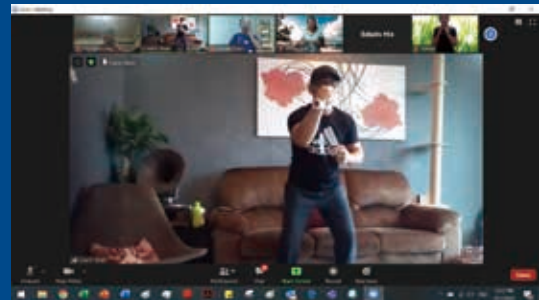
We remain vigilant of the evolving situation and will treat the safety and wellbeing of our staff with utmost importance even as workplaces reopen.

HEALTH & WELLBEING THROUGH THE PANDEMIC

As many of our employees shift to work-from-home arrangements this year, many of our company wellness activities had to pivot online. Bi-weekly sessions were organised by the HRCS department, supported by the Manager. Here are some of such activities which were conducted online for all our employees:

- Series of exercise sessions (i.e. Cardio, toning, HIIT)
- Sharing on hair care to encourage healthy living and health awareness
- Self-care and mental health sessions to support employees and tide through challenging times

These sessions not only promoted health of our employees, but also facilitated bonding and social connection as employees work-from-home.



Sustainability

OUR COMMUNITY



TARGETS >>

- Develop strategic community engagement programs based on community needs

How we manage this issue

The Manager recognises ESR-REIT's impact on the wider community, and commits to strategically contribute to causes and community needs. Indirect cash and in-kind donations were made by the Manager to benefit the wider community. These typically take the form of financial support for a community or charitable event, or providing resources or manpower for a particular cause.

Investing in the Next Generation

In line with our sponsor, ESR Cayman, we focused on supporting children and youth. The Manager has embarked on several initiatives with youth in Singapore in 2020.

SUPPORTING DISADVANTAGED YOUTH IN PARTNERSHIP WITH KEMBANGAN-CHAI CHEE (KCC) YOUTH NETWORK



Kidzcare Tuition Centre at ESR BizPark@Chai Chee

ESR-REIT has partnered with Kidzcare@Kembangan-Chai Chee (an initiative under the Kembangan-Chai Chee Youth Network) to provide a tuition centre for disadvantaged youths. When the initiative first began, the sessions were held at an open-air pavilion located near the rental block flats using foldable tables and chairs.

ESR-REIT now hosts and provides the venue for the KCC Tuition Centre in 3 air-conditioned units at ESR BizPark@Chai Chee (formerly Viva Business Park) and sponsors certified tutors for youths taking their Primary School Leaving Exams. This way, students are better able to focus and prepare for their exams in a safe and conducive environment with a well structured programme.

Christmas meals

ESR-REIT partnered with KCC Youth Network to bring festive cheer to underprivileged children by providing 250 warm Christmas meals catered from Andes by Astons, a tenant at ESR Bizpark@Chai Chee. By engaging its tenants instead of external caterers, ESR-REIT was also able to show support for its retail tenants in these trying times while contributing to the community.

ESR-REIT's Spirit of Giving

Despite the challenges due to COVID-19, ESR-REIT continues to give back to the community in a safe and organised manner. We worked with partners to provide community sponsorships and gifts-in-kind.

Celebrating the Merdeka Generation

ESR-REIT presented a cheque for the co-sponsorship of the TPY-South CC CNY Lunch for community members from the Merdeka Generation.



Mooncake Distribution

ESR-REIT was a sponsor for the 2020 Mooncake Distribution event in September 2020, organised by the Kembangan Chai Chee CC. 30 ESR-REIT volunteers reached out to over 600 households living in rental flats at Chai Chee Road. Volunteers assisted to distribute mooncakes and conducted surveys to help Kembangan Chai Chee CC gather information in order to identify households which required assistance.



Sustainability

Strong and robust corporate governance is the foundation for safeguarding the REIT's assets and building stakeholders' trust.



GOVERNANCE

REGULATORY COMPLIANCE, GOVERNANCE, AND ENTERPRISE RISK MANAGEMENT



TARGETS »

- Zero lapses in corporate governance or corruption
- Provide training to all employees on compliance with relevant governance policies
- Ensure procedures and business continuity plans are in place for pandemic preparedness and resilience
- Zero material incidents of non-compliance with socio-economic laws and regulations

How we manage this issue

The Manager is committed to upholding high standards of corporate governance that is embedded in the management and operational protocols of ESR-REIT.

Strict Policies and Procedures Regulations, ESR-REIT adheres to all applicable legislation and regulations such as the Code of Corporate Governance 2018, the Code on Collective Investment Schemes, the Trust Deed, the listing rules and regulations set out by SGX and MAS.

Procurement Regulations

Our suppliers include service vendors, utility providers as well as various trades contractors i.e. cleaning, security, building and M&E works, landscaping, etc.. These products and services are sourced locally in Singapore. Since 2019, we have directly managed our facilities.

We expect all suppliers and vendors to comply with applicable laws and regulations as well as internally prescribed standards. A due diligence process is conducted on the suppliers and vendors at the point of engagement by the Manager on behalf of the REIT. Routine assessments of these suppliers and vendors on the Approved Contractors and Suppliers List are conducted to ensure compliance with the internally prescribed standards and applicable laws and regulations.

Training and Awareness for Employees

The Manager raises awareness of regulatory compliance through regular updates and educating its employees on the policies and procedures. The compliance department periodically conducts a series of bite-sized training sessions, which are open for all employees to attend during working hours. The Manager reports quarterly to the ARCC on the bite-sized training sessions conducted for its employees. In 2020, the compliance department conducted one refresher course on Anti-Money Laundering Policies & Procedures, as well as two Compliance Policies & Procedures training sessions.

Open Communication for Transparency

The ARCC and Board demonstrate leadership in transparency across the organisation through advocating open communication. The Manager maintains a zero-tolerance approach towards any form of corrupt business practice and is committed to conducting business in an ethical manner. Internal policy on Conflict of Interest, which stipulates the guidelines on treatment and declaration of gifts and entertainment, is given special emphasis and employees are routinely reminded to observe the requirements.

Whistleblowing Policy

A whistle-blowing policy is in place to provide an avenue for employees and external parties to raise any concerns about possible improprieties relating to matters of financial reporting or other issues to the Chairman of ARCC. An independent investigation and appropriate follow-up action will be taken in response to any concerns raised. The reporting channels are handled in strict confidence to ensure that whistle-blowers are protected from reprisals or victimisation.

Enterprise Risk Management

The Manager has put in place a comprehensive risk management system that helps it identify, measure, prioritise and respond to potential risks that could have a significant impact on the REIT's business. The Manager adopts a four-step risk management process to manage different risks and it includes the following steps:

1. Risk identification and assessment;
2. Risk management application;
3. Risk monitoring; and
4. Reporting.

2020 Performance: Compliance

0

Material incidents of non-compliance with laws and regulations

There were no material incidents of non-compliance with laws and regulations in 2020.

For more information on our corporate governance practices and risk management activities, please refer to pages 94 to 119 on Corporate Governance and Risk Management.

STRENGTHENING OUR GOVERNANCE FOR PANDEMIC RESILIENCE

The global pandemic and crisis have presented many businesses with challenges that call into question the agility of corporate governance and business resilience.

In response to these challenges and in ensuring ESR-REIT remains resilient in the face of disruption, the Manager has formulated two policies — Influenza Pandemic Preparedness Plan and Workplace Safe Management Measures to better prepare us for such disruptions. The policies are kept up-to-date according to advisories and guidelines issued by the relevant government agencies. The Manager also maintains a register to keep track of the latest government agencies' advisories and guidelines, a practice that will be beneficial to adopt going forward.

Also, a priority in such uncertain times is keeping stakeholders updated regularly through ongoing communication.

- Unitholders and potential investors are kept updated on our operations and financial status through SGX announcements.
- Circulars have been issued to tenants to update them on the latest measures/development.
- Employees are kept informed of the latest development in the company via email circulation.

These are some lessons from the pandemic that will serve us well into the future.

GRI Content Index

This Content Index includes disclosures from the GRI Standards (2016), unless otherwise stated.

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Organisational Profile			
101-2	Name of the organisation	Vision, Mission and Corporate Profile	p.11
102-2	Activities, brands, products, and services	Vision, Mission and Corporate Profile	p.11
102-3	Location of headquarters	Vision, Mission and Corporate Profile	p.11
102-4	Location of operations	Vision, Mission and Corporate Profile Portfolio Details	p.11 p.79-93
102-5	Ownership and legal form	Trust Structure	p.32
102-6	Markets served	Vision, Mission and Corporate Profile; Our Sponsor	p.11 p.28-31
102-7	Scale of the organisation	Vision, Mission and Corporate Profile FY2020 Key Milestones Five-Year Financial Summary; Sustainability Report, Social — Our People	p.11 p.14-15 p.12-13 p.147
102-8	Information on employees and other workers	Sustainability Report, Social — Our People Data has been compiled manually.	p.147
102-9	Supply chain	Operation Overview Sustainability Report, How we manage sustainability, Stakeholder Engagement	p.46-51 p.133-134
102-10	Significant changes to organisation and its supply chain	FY2020 Key Milestones Letter to Unitholders Unit Price and Yield Performance	p.14-15 p.16-18 p.22-23
102-11	Precautionary principle or approach	Sustainability Report, Environmental	p.139
102-12	External initiatives	Sustainability Report, Social — Diversity and Equal Opportunities; How We Manage Sustainability, Stakeholder Engagement	p.147 p.133-134
102-13	Memberships in associations (such as industry associations)	Sustainability Report, How We Manage Sustainability, Stakeholder Engagement	p.133-134
Strategy			
102-14	Statement from senior decision-maker	Letter to Unitholders A Statement from our Board	p.16-18 p.129
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Key Drivers of Our Value Proposition	p.24-25
Governance			
102-18	Governance structure	Organisation Structure; Sustainability Report, How We Manage Sustainability, Governance Structure	p.33 p.132

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Stakeholder Engagement			
102-40	List of stakeholder groups	Sustainability Report, How We Manage Sustainability, Stakeholder Engagement	p.133-134
102-41	Collective bargaining agreements	All employees within the scope of this report are not covered by collective bargaining agreements, as they are considered to be professionals	
102-42	Identifying and selecting stakeholders	Sustainability Report, How We Manage Sustainability, Stakeholder Engagement	p.133-134
102-43	Approach to stakeholder engagement	Sustainability Report, How We Manage Sustainability, Stakeholder Engagement	p.133-134
102-44	Key topics and concerns raised	Sustainability Report, How We Manage Sustainability, Stakeholder Engagement	p.133-134
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Sustainability Report, About ESR-REIT Sustainability Report 2020 Financial Statements	p.126 p.170-252
102-46	Definition of report content and topic boundaries	Sustainability Report, How We Manage Sustainability, Materiality Assessment	p.132
102-47	List of material topics	Sustainability Report, How We Manage Sustainability, Materiality Assessment	p.132
102-48	Restatements of information	Sustainability Report, Environmental — 2020 Performance: Electricity, Cooling and Carbon Emissions	p.141
102-49	Changes in reporting	No significant changes from the 2020 reporting period	
102-50	Reporting period	Sustainability Report, About ESR-REIT Sustainability Report 2020	p.126
102-51	Date of most recent previous report	Sustainability Report 2020 was published on 8 April 2020	
102-52	Reporting cycle	Sustainability Report, About ESR-REIT Sustainability Report 2020	p.126
102-53	Contact point for questions regarding the report	Sustainability Report, About ESR-REIT Sustainability Report 2020	p.126
102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report, About ESR-REIT Sustainability Report 2020	p.126
102-55	GRI content index	GRI Content Index	p.156-163
102-56	External assurance	Sustainability Report, About ESR-REIT Sustainability Report 2020	p.126

GRI Content Index

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Material Topics			
Economic Performance			
201-1	Direct economic value generated and distributed	Five-Year Financial Highlights Financial Statements	p.12-13 p.170-252
103-1	Explanation of the material topic and its boundary	Vision, Mission and Corporate Profile	p.11
103-2	The management approach and its components	Key Drivers of Our Value Proposition Sustainability Report, A Statement from our Board, How We Manage Sustainability	p.24-25 p.129 p.132-135
103-3	Evaluation of the management approach	Letter to Unitholders; Sustainability Report, How We Manage Sustainability	p.16-18 p.132-135
Anti-Corruption			
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report, Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.155
103-1	Explanation of the material topic and its boundary	Sustainability Report, Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.154-155
103-2	The management approach and its components	Sustainability Report, Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.154-155
103-3	Evaluation of the management approach	Sustainability Report, Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.154-155
Energy			
302-1	Energy consumption within the organisation	Sustainability Report, Environmental — 2020 Performance: Electricity, Cooling and Carbon Emissions	p.141
302-3	Energy intensity	Sustainability Report, Environmental — 2020 Performance: Electricity, Cooling and Carbon Emissions	p.141
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental — Reducing our Energy Consumption and Carbon Emissions	p.116 p.139
103-2	The management approach and its components	Sustainability Report, Environmental — Reducing our Energy Consumption and Carbon Emissions	p.139-141

Disclosure Number	Disclosure Title	Section/Notes	Page Number
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.110 p.130
Water & Effluents			
303-1 (2018)	Interactions with water as a shared resource	Sustainability Report, Environmental — Reducing our Water Consumption	p.142
303-2 (2018)	Management of water discharge-related impacts	Sustainability Report, Environmental — Reducing our Water Consumption	p.142
303-3 (2018)	Water Withdrawal	Sustainability Report, Environmental — 2020 Performance: water withdrawal	p.142
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental — Reducing our Water Consumption	p.142
103-2	The management approach and its components	Sustainability Report, Environmental — Reducing our Water Consumption	p.142
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130
Emissions			
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report, Environmental — 2020 Performance: Electricity, Cooling and Carbon Emissions	p.141
305-4	GHG emissions intensity	Sustainability Report, Environmental — 2020 Performance: Electricity, Cooling and Carbon Emissions	p.141
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental — Reducing our Energy Consumption and Carbon Emissions	p.139-141
103-2	The management approach and its components	Sustainability Report, Environmental — Reducing our Energy Consumption and Carbon Emissions	p.139-141
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130

GRI Content Index

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Effluents and Waste (2016)			
306-2	Waste by type and disposal method	Sustainability Report, Environmental — 2020 Performance: waste management	p.143
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental — Reducing our Waste	p.143
103-2	The management approach and its components	Sustainability Report, Environmental — Reducing our Waste	p.143
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130
Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	Sustainability Report, Environmental — Upholding Environmental Compliance	p.143
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental — Upholding Environmental Compliance; Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.143 p.154–155
103-2	The management approach and its components	Sustainability Report, Environmental — Upholding Environmental Compliance; Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.143 p.154–155
103-3	Evaluation of the management approach	Sustainability Report, Environmental — Upholding Environmental Compliance; Governance — Regulatory Compliance, Governance, and Enterprise Risk Management	p.143 p.154–155

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Employment			
401-1	New employee hires and employee turnover	Sustainability Report, Social — Diversity and Equal Opportunity	p.147
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social — Employee Engagement and Satisfaction	p.144-145
103-2	The management approach and its components	Sustainability Report, Social – Training and Education; Diversity and Equal Opportunity	p.144-147
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130-131
Occupational Health and Safety			
403-1 (2018)	Occupational health and safety management system	Sustainability Report, Social — Health and Safety	p.148, 150
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	Sustainability Report, Social — Health and Safety	p.148, 150
403-3 (2018)	Occupational health services	Sustainability Report, Social — Health and Safety	p.148, 150
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report, Social — Health and Safety	p.148, 150
403-5 (2018)	Worker training on occupational health and safety	Sustainability Report, Social – Employee Engagement and Satisfaction; Health and Safety	p.146 p.148-150
403-6 (2018)	Promotion of worker health	Sustainability Report, Social — Health and Safety	p.148-150
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report, Social — Health and Safety	p.148-150
403-9 (2018)	Work-related injuries	Sustainability Report, Social — 2020 Performance: Occupational Health & Safety	p.150
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social — Health and Safety	p.148-150
103-2	The management approach and its components	Sustainability Report, Social — Health and Safety	p.148-150
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.131

GRI Content Index

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Training and Education			
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report, Social – Employee Engagement and Satisfaction; Training and Education	p.146
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social – Employee Engagement and Satisfaction; Training and Education	p.146
103-2	The management approach and its components	Sustainability Report, Social – Employee Engagement and Satisfaction; Training and Education	p.146
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance; Social – Employee Engagement and Satisfaction; Training and Education	p.131 p.146
Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report, Governance – Regulatory Compliance, Governance and Enterprise Risk Management	p.154–155
103-1	Explanation of the material topic and its boundary	Sustainability Report, Stakeholder Engagement; Governance – Regulatory Compliance, Governance and Enterprise Risk Management	p.133–134 p.154–155
103-2	The management approach and its components	Sustainability Report, How We Manage Sustainability – Governance Structure; Stakeholder Engagement; Governance – Regulatory Compliance, Governance and Enterprise Risk Management	p.132 p.133–134 p.154–155
103-3	Evaluation of the management approach	Sustainability Report, How We Manage Sustainability – Governance Structure; Stakeholder Engagement; Governance – Regulatory Compliance, Governance and Enterprise Risk Management	p.132 p.133–134 p.154–155

Disclosure Number	Disclosure Title	Section/Notes	Page Number
Investment Management — Quality of Assets and Services			
N/A	Responsible investing and quality of assets and services	Sustainability Report, Economic — Investment Management — Quality of Assets and Services	p.136–137
103-1	Explanation of the material topic and its boundary	Sustainability Report, Economic — Investment Management — Quality of Assets and Services	p.136–137
103-2	The management approach and its components	Sustainability Report, Economic — Investment Management — Quality of Assets and Services	p.136–137
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130
Tenant Engagement and Satisfaction			
N/A	Tenant engagement and satisfaction	Sustainability Report, Economic — Tenant Engagement and Satisfaction	p.138
103-1	Explanation of the material topic and its boundary	Sustainability Report, Economic — Tenant Engagement and Satisfaction	p.138
103-2	The management approach and its components	Sustainability Report, Economic — Tenant Engagement and Satisfaction	p.138
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.130
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report, Stakeholder Engagement; Social — Our Community Community projects are implemented at head office level.	p.133–134 p.152–153
103-1	Explanation of the material topic and its boundary	Sustainability Report, Stakeholder Engagement; Social — Our Community	p.133–134 p.152–153
103-2	The management approach and its components	Sustainability Report, Social — Our Community	p.152–153
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	p.131

Financial Report Contents

165	Report of the Trustee
166	Statement by the Manager
167	Independent Auditor's Report to Unitholders of ESR-REIT
171	Statements of Financial Position
172	Statement of Total Return
173	Distribution Statement
175	Statements of Movements in Unitholders' Funds
176	Investment Properties Portfolio Statements
193	Consolidated Statement of Cash Flows
195	Notes to the Financial Statements
248	Additional Information



Report of the Trustee

RBC Investor Services Trust Singapore Limited (the “Trustee”) is under a duty to take into custody and hold the assets of ESR-REIT (the “Trust”) and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“MAS”), the Trustee shall monitor the activities of ESR Funds Management (S) Limited (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 31 March 2006 (as amended) between the Trustee and the Manager (the “Trust Deed”) in each annual accounting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 171 to 247 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
RBC Investor Services Trust Singapore Limited**



Hoi Sau Kheng
Director



Farrah Begum Binte Abdul Salam
Associate Director

Singapore
18 March 2021

Statement by the Manager

In the opinion of the directors of ESR Funds Management (S) Limited, the accompanying financial statements of ESR-REIT (the "Trust") and its subsidiaries (the "Group") set out on pages 171 to 247 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statement of the Group and of the Trust, the Consolidated Statement of Cash Flows of the Group and a Summary of Significant Accounting Policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2020, and the financial performance, distributable income, movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended 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 the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the Manager,
ESR Funds Management (S) Limited**



Mr Ooi Eng Peng
Chairman

Singapore
18 March 2021

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
Assets					
Non-current assets					
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
Current assets					
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
Total assets		3,187,393	3,229,052	3,027,799	3,100,363
Liabilities					
Current liabilities					
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
Non-current liabilities					
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
Total liabilities		1,589,288	1,569,361	1,427,382	1,418,930
Net assets		1,598,105	1,659,691	1,600,417	1,681,433
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
Units in issue ('000)	15	3,576,362	3,487,316	3,576,362	3,487,316
Net asset value per Unit (cents)		40.5	43.3	40.5	43.9

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
Gross revenue	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)
Net income		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)
Total return for the year before income tax		12,744	9,949
Income tax expense	21	(12)	(26)
Total return for the year after income tax		12,732	9,923
Attributable to:			
Unitholders of the Trust and perpetual securities holders		9,689	6,080
Non-controlling interest		3,043	3,843
Total return for the year		12,732	9,923
Earnings per Unit (cents)			
Basic and diluted	22	0.079	(0.025)
Distribution per Unit (cents)	22	2.800	4.011

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)
Net income available for distribution to Unitholders	99,127	116,466
Distribution from other gains (Note B)	-	16,100
Total amount available for distribution	99,127	132,566
Less: Distributions (Note C)	(69,179)	(102,793)
Net amount available for distribution to Unitholders as at 31 December	29,948	29,773
Note A — Distribution adjustments		
Non-tax deductible/(chargeable) items and other adjustments:		
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)
Net effect of distribution adjustments	96,357	117,286

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
	69,179	102,793
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
	98,996	129,454
Total distributions to Unitholders during the financial year ⁽¹⁾	98,996	129,454

Note:

⁽¹⁾ 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.

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2020

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unitholders' Funds				
Balance at beginning of the year	1,508,576	1,479,668	1,530,318	1,751,967
Operations				
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)
Net increase/(decrease) in net assets resulting from operations	2,770	(820)	(16,660)	(251,377)
Unitholders' transactions				
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)
Net (decrease)/increase in Unitholders' funds resulting from Unitholders' transactions	(64,356)	29,728	(64,356)	29,728
Balance at end of the year	1,446,990	1,508,576	1,449,302	1,530,318
Perpetual Securities Holders' Funds				
Balance at beginning of the year	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)
Balance at end of the year	151,115	151,115	151,115	151,115
Total	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
Properties Held By The Trust				
Logistics/Warehousing Properties⁽¹⁾				
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	11 ⁽⁵⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 ⁽⁶⁾	25 Changi South Ave 2 Singapore 486594
160 KALLANG WAY	Leasehold	30+30	12 ⁽⁷⁾	160 Kallang Way Singapore 349246
3C TOH GUAN ROAD EAST	Leasehold	30+30	30 ⁽⁸⁾	3C Toh Guan Road East Singapore 608832
4/6 CLEMENTI LOOP	Leasehold	30+30	33 ⁽⁹⁾	4/6 Clementi Loop Singapore 129810 and 129814
24 JURONG PORT ROAD	Leasehold	30+12	16 ⁽¹⁰⁾	24 Jurong Port Road Singapore 619097
3 PIONEER SECTOR 3	Leasehold	30+30	30 ⁽¹¹⁾	3 Pioneer Sector 3 Singapore 628342
15 GREENWICH DRIVE	Leasehold	30	21 ⁽¹²⁾	15 Greenwich Drive Singapore 534022
Total Logistics/Warehousing Properties held by the Trust				

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
		395,300	393,100	27.32	26.06

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

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
		166,500	170,800	11.51	11.33

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

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 %
		166,500	170,800	11.51	11.33
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
		338,300	339,500	23.39	22.51

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
Properties Held By The Trust (continued)				
General Industrial Properties (continued)				
Balance brought forward				
60 TUAS SOUTH STREET 1	Leasehold	30	14 ⁽³⁰⁾	60 Tuas South Street 1 Singapore 639925
5/7 GUL STREET 1	Leasehold	29.5	17 ⁽³¹⁾	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	35 ⁽³²⁾	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	46 ⁽³³⁾	25 Pioneer Crescent Singapore 628554
11 WOODLANDS WALK	Leasehold	30+30	35 ⁽³⁴⁾	11 Woodlands Walk Singapore 738265
43 TUAS VIEW CIRCUIT	Leasehold	30	17 ⁽³⁵⁾	43 Tuas View Circuit Singapore 637360
13 JALAN TERUSAN	Leasehold	28	14 ⁽³⁶⁾	13 Jalan Terusan Singapore 619293
160A GUL CIRCLE	Leasehold	27	20 ⁽³⁷⁾	160A Gul Circle Singapore 629618
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	38 ⁽³⁸⁾	3 Tuas South Avenue 4 Singapore 637610
8 TUAS SOUTH LANE	Leasehold	30+16	33 ⁽³⁹⁾	8 Tuas South Lane Singapore 637302
120 PIONEER ROAD	Leasehold	30+28	34 ⁽⁴⁰⁾	120 Pioneer Road Singapore 639597
Balance carried forward				

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 %
		338,300	339,500	23.39	22.51
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
		646,700	660,000	44.70	43.76

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
Properties Held By The Trust (continued)				
General Industrial Properties (continued)				
Balance brought forward				
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	35 ⁽⁴¹⁾	45 Changi South Avenue 2 Singapore 486133
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	33/33 ⁽⁴²⁾	511/513 Yishun Industrial Park A Singapore 768768/768736
86/88 INTERNATIONAL ROAD	Leasehold	30+30	34 ⁽⁴³⁾	86/88 International Road Singapore 629176/629177
Total General Industrial Properties held by the Trust				
High-Specs Industrial Properties⁽³⁾				
21/23 UBI ROAD 1	Leasehold	30+30	36 ⁽⁴⁴⁾	21/23 Ubi Road 1 Singapore 408724/408725
2 JALAN KILANG BARAT	Leasehold	99	42 ⁽⁴⁵⁾	2 Jalan Kilang Barat Singapore 159346
11 CHANG CHARN ROAD	Leasehold	99	36 ⁽⁴⁶⁾	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	30 ⁽⁴⁸⁾	12 Ang Mo Kio Street 65 Singapore 569060
16 TAI SENG STREET	Leasehold	30+30	47 ⁽¹⁵⁾	16 Tai Seng Street Singapore 534138
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	29 ⁽⁴⁹⁾	30 Marsiling Industrial Estate Road 8 Singapore 739193
Total High-Specs Industrial Properties held by the Trust				

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 %
		646,700	660,000	44.70	43.76
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
		722,400	739,200	49.93	49.01
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
		236,000	240,900	16.31	15.97

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
<u>Properties Held By The Trust (continued)</u>				
Business Park Properties ⁽⁴⁾				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	36 ⁽⁵⁰⁾	16 International Business Park Singapore 609929
Total Business Park Properties held by the Trust				
Total Properties held by the Trust				
<u>Properties Held By Subsidiaries</u>				
Logistics/Warehousing Properties ⁽¹⁾				
6 CHIN BEE AVENUE	Leasehold	30	23 ⁽⁵¹⁾	6 Chin Bee Avenue Singapore 619930
30 PIONEER ROAD	Leasehold	30	16 ⁽⁵²⁾	30 Pioneer Road Singapore 628502
Total Logistics/Warehousing Properties held by subsidiaries				
General Industrial Properties ⁽²⁾				
11 UBI ROAD 1	Leasehold	30+30/21+30	35 ⁽⁵⁴⁾	11 Ubi Road 1 Singapore 408723
29 TAI SENG STREET	Leasehold	30+30	46 ⁽⁵⁵⁾	29 Tai Seng Street Singapore 534120
11 LORONG 3 TOA PAYOH	Leasehold	60	8 ⁽⁵⁶⁾	11 Lorong 3 Toa Payoh Singapore 319579
81 TUAS BAY DRIVE	Leasehold	60	46 ⁽⁵⁷⁾	81 Tuas Bay Drive Singapore 637308
Total General Industrial Properties held by subsidiaries				

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
		32,000	30,600	2.21	2.03
		1,385,700	1,403,800	95.77	93.07
100	100	96,400	94,300	6.66	6.25
100	100	41,400	50,800	2.86	3.37
		137,800	145,100	9.52	9.62
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
		202,300	202,000	13.98	13.39

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
Properties Held By Subsidiaries (continued)				
High-Specs Industrial Properties⁽³⁾				
^^ 19 TAI SENG AVENUE	Leasehold	30+30	47 ⁽⁵³⁾	19 Tai Seng Avenue Singapore 534054
# 7000 ANG MO KIO AVENUE 5	Leasehold	32+30	36 ⁽⁵⁸⁾	7000 Ang Mo Kio Avenue 5 Singapore 569877
Total High-Specs Industrial Properties held by subsidiaries				
Business Park Properties⁽⁴⁾				
750-750E CHAI CHEE ROAD	Leasehold	60/43	10/10 ⁽⁵⁹⁾	750 to 750E Chai Chee Road Singapore 469000
6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	47 ⁽⁶⁰⁾	6/8 Changi Business Park Avenue 1 Singapore 486017
2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	47 ⁽⁶⁰⁾	2/4 Changi Business Park Avenue 1 Singapore 486015
Total Business Park Properties held by subsidiaries				
Total Properties held by subsidiaries				
Total Properties held by the Group				

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
		347,300	353,200	24.01	23.41
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
		816,200	830,300	56.41	55.02
		1,503,600	1,530,600	103.92	101.44
		2,889,300	2,934,400	199.69	194.51

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 %
Trust				
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	<u>1,449,302</u>	<u>1,530,318</u>	<u>100.00</u>	<u>100.00</u>
Group				
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	<u>1,446,990</u>	<u>1,508,576</u>	<u>100.00</u>	<u>100.00</u>

	Independent Valuation	
	2020 \$'000	2019 \$'000
As disclosed in the Statement of Financial Position:		
Trust		
Investment properties — non current	1,551,337	1,573,491
Less: Right-of-use assets (Note 4)	(165,637)	(169,691)
Total investment properties, at valuation	<u>1,385,700</u>	<u>1,403,800</u>
Group		
Investment properties — non current	3,119,058	3,162,081
Less: Right-of-use assets (Note 4)	(229,758)	(227,681)
Total investment properties, at valuation	<u>2,889,300</u>	<u>2,934,400</u>

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
Cash flows from operating activities		
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)
Operating income before working capital changes	148,246	179,277
Changes in working capital:		
Trade and other receivables	(717)	(864)
Trade and other payables	13,924	57
Cash generated from operating activities	161,453	178,470
Income tax paid	(11)	(397)
Net cash generated from operating activities	161,442	178,073
Cash flows from investing activities		
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)
Net cash used in investing activities	(6,124)	(55,403)
Cash flows from financing activities		
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)
Net cash used in financing activities	(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
Cash and cash equivalents at 31 December	18,101	15,662

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)

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)
	792,896	844,771

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)
Net assets	77,587	81,236
Proportion of the Group's ownership	49%	49%
Group's share in net assets	38,018	39,806
Carrying amount of the Group's investment	38,018	39,806

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)
Profit/(Loss) for the year, representing total comprehensive income/(loss) for the year	6,143	(3,101)
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
Financial assets carried at amortised cost	9,591	9,393	23,376	20,144
Prepayments	2,625	2,110	116	74
Total trade and other receivables	12,216	11,503	23,492	20,218

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
Group				
Past due 0–30 days	418	–	1,065	–
Past due 31–120 days	819	–	991	–
More than 120 days past due	3,229	–	404	–
	4,466	–	2,460	–
Trust				
Past due 0–30 days	195	–	557	–
Past due 31–120 days	487	–	523	–
More than 120 days past due	2,075	–	224	–
	2,757	–	1,304	–

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
Current liabilities				
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
Non-current liability				
Security deposits	19,729	20,000	10,429	10,484
Total trade and other payables	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)
Financial liabilities at amortised cost	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
Current liabilities				
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
Non-current liabilities				
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
Total interest-bearing borrowings	1,178,614	1,191,124	1,178,614	1,191,124

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
Group						
Unsecured						
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
Trust						
Unsecured						
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	Cash flows*	Amortisation of loan transaction costs	2020
	\$'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

	2018	Cash flows*	Amortisation of loan transaction costs	2019
	\$'000	\$'000	\$'000	\$'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 ⁽¹⁾	(7,381)	-
	229,924	253,044

⁽¹⁾ 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 ⁽¹⁾	2,051	2,360
	10,631	10,674
Property tax	19,244	18,059
Property tax rebates ⁽²⁾	(1,359)	–
Repair and maintenance expenses	19,720	17,468
Other property operating expenses	17,481	18,913
	65,717	65,114

(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 ⁽¹⁾	5,280	6,491
	14,639	14,926

(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 ⁽¹⁾	4,852	348
Other expenses ⁽²⁾	2,029	918
	8,653	2,578

⁽¹⁾ 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.

⁽²⁾ 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
	45,246	51,161

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
Reconciliation of tax expense		
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	12	26

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
ESR Funds Management (S) Limited (the Manager)		
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
ESR Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)		
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
RBC Investor Services Trust Singapore Limited (the Trustee)		
Trustee fees paid and payable	356	574
Perpetual (Asia) Limited (the Sub-trust Trustee)		
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
Group				
2020				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	3,119,058	3,119,058
Derivatives				
Derivative financial instruments	-	(38,578)	-	(38,578)
2019				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	3,162,081	3,162,081
Derivatives				
Derivative financial instruments	-	(22,276)	-	(22,276)
Trust				
2020				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	1,551,337	1,551,337
Derivatives				
Derivative financial instruments	-	(38,578)	-	(38,578)
2019				
Non financial assets				
Investment properties (including right-of-use assets)	-	-	1,573,491	1,573,491
Derivatives				
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"> Market rental growth ranges from 2.0% to 3.5% (2019: 1.5% to 6.8%) per annum. 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> expected market rental growth were higher/(lower);
	<ul style="list-style-type: none"> Adjusted price (psm) of \$667 to \$2,971 (2019: \$838 to \$1,981) 	<ul style="list-style-type: none"> the adjusted price psm were higher/(lower);
	<ul style="list-style-type: none"> Risk-adjusted discount rates of 7.00% to 9.25% (2019: 7.50% to 8.00%) 	<ul style="list-style-type: none"> the risk-adjusted discount rates were lower/(higher);
	<ul style="list-style-type: none"> Capitalisation rates of 5.00% to 7.35% (2019: 5.25% to 7.25%) 	<ul style="list-style-type: none"> the capitalisation rates were lower/(higher); or
	<ul style="list-style-type: none"> Terminal yield rates of 5.25% to 7.25% (2019: 5.50% to 7.25%) 	<ul style="list-style-type: none"> the terminal yield rates were lower/(higher)

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
Group				
2020				
Liabilities				
Fixed rate notes	49,873	-	-	49,873
2019				
Liabilities				
Fixed rate notes	210,242	-	-	210,242
Trust				
2020				
Liabilities				
Fixed rate notes	49,873	-	-	49,873
2019				
Liabilities				
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
Group						
2020						
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)
2019						
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)
Trust						
2020						
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)
2019						
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
2020				
Non-derivative financial liabilities				
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)
Derivative financial liabilities				
Interest rate swaps	(18,784)	(23,137)	-	(41,921)
	(356,154)	(1,123,022)	(381,431)	(1,861,718)
2019				
Non-derivative financial liabilities				
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)
Derivative financial liabilities				
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
Trust				
2020				
Non-derivative financial liabilities				
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)
Derivative financial liabilities				
Interest rate swaps	(18,784)	(23,137)	–	(41,921)
	(269,391)	(1,103,872)	(288,886)	(1,662,149)
2019				
Non-derivative financial liabilities				
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)
Derivative financial liabilities				
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
Group				
2020				
Variable rate instruments				
Interest-bearing borrowings				
- Interest expense	(1,310)	1,310	(1,310)	1,310
2019				
Variable rate instruments				
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 ⁽¹⁾		
– including performance component of management fees	1.14	1.14
– excluding performance component of management fees	1.14	1.14
Portfolio turnover rate ⁽²⁾	–	0.38

⁽¹⁾ 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.

⁽²⁾ 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.

Additional Information

(A) INTERESTED PERSON TRANSACTIONS (“IPTs”)

Transactions entered into with interested persons during the financial year falling under the SGX-ST Listing Rules and the Property Funds Appendix of the CIS (excluding transactions of less than \$100,000 each) are as follows:

Name of Entity	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Unitholders’ mandate pursuant to Rule 920 of the SGX-ST Listing Rules) \$’000	Aggregate value of all IPTs conducted under the Unitholders’ mandate pursuant to Rule 920 of the SGX-ST Listing Rules (excluding transactions less than \$100,000) \$’000
ESR Funds Management (S) Limited (the “Manager”)		
Management fees paid and payable		
— in cash	9,359	–
— in Units	5,280	–
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)		
Property and lease management fees paid and payable		
— in cash	4,660	–
— in Units	2,051	–
Lease marketing services commissions paid and payable	4,951	–
Project management fees paid and payable	158	–
Site staff cost recovery	817	–
RBC Investor Services Trust Singapore Limited (the “Trustee”)		
Trustee fees paid and payable	356	–
Perpetual (Asia) Limited (the “Sub-trust Trustee”)		
Trustee fees paid and payable	188	–

Saved as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into up to and including 31 December 2020 nor any material contracts entered by ESR-REIT or any of its subsidiaries that involve the interests of the CEO, any Directors or any controlling Unitholder of the Trust.

Please also see Related Parties in Note 25 to the financial statements.

As set out in ESR-REIT’s Prospectus dated 14 July 2006, fees and charges payable by ESR-REIT to the Manager under the Trust Deed are not subject to Rule 905 and Rule 906 of the SGX-ST Listing Rules.

The Group has not obtained a general mandate from Unitholders pursuant to Rule 920 for any interested person transactions.

Additional Information

(B) RATIO OF TOTAL OPERATING EXPENSES TO NET ASSET VALUE

The revised CIS issued by MAS on 14 July 2015 requires that the total operating expenses (including all fees and charges paid to the Manager) be disclosed in both absolute terms and as a percentage of the net asset value of the Trust as at the end of the financial year.

The total operating expenses of the Trust, including all fees and charges paid to the Manager and interested parties to net asset value as at 31 December 2020 is as follows:

	2020 \$'000	2019 \$'000
Property expenses	65,717	65,114
Management fees	14,639	14,926
Trust expenses	8,653	2,578
Borrowing costs	45,246	51,161
Finance costs on lease liabilities for leasehold land	11,575	10,799
Total operating expenses	145,830	144,578
Net asset value	1,446,990	1,508,576
Ratio of total operating expenses to net asset value (%)	10.1	9.6

(C) USE OF PROCEEDS RAISED FROM OFFERINGS PURSUANT TO CHAPTER 8 OF THE LISTING MANUAL

Gross proceeds of \$150.0 million raised pursuant to the private placement of 194,174,000 new units completed on 26 June 2019 and the pro rata and non-renounceable preferential offering of 98,117,183 new units completed on 14 October 2019 (together, the "Equity Fund Raising") has been used in the following manner:

Intended Use of Proceeds	Amount Allocated (S\$ million)	Aggregate Amount Utilised to Date (S\$ million)	Balance Proceeds Pending Utilisation (S\$ million)
To fully finance the total acquisition costs for 48 Pandan Road	44.4	44.4	—
To fully finance the proposed asset enhancements at 7000 Ang Mo Kio Avenue 5 and UE BizHub East	45.7	4.5	41.2
To repay existing indebtedness	56.8	56.8	—
To pay for the transaction related expenses including the underwriting and selling commission and expenses related to the Equity Fund Raising	3.1	3.1	—
Total	150.0	108.8	41.2

The use of proceeds from the Equity Fund Raising set out above is in accordance with the stated use and in accordance with the percentage of the gross proceeds of the Equity Fund Raising allocated to such use as set out in our announcement dated 17 June 2019 titled "Launch of Equity Fund Raising to Raise Gross Proceeds of Up To Approximately \$150.0 Million".

Statistics of Unitholdings

as at 15 March 2021

ISSUED AND FULLY PAID-UP UNITS

3,578,232,491 Ordinary Units (voting rights: one vote per Unit)

Market Capitalisation S\$1,377,619,509 (based on closing price of S\$0.385 as at 15 March 2021)

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1-99	439	2.75	19,077	0.00
100-1,000	867	5.43	530,437	0.02
1,001-10,000	4,982	31.19	26,890,143	0.75
10,001-1,000,000	9,601	60.12	597,579,746	16.70
1,000,001 AND ABOVE	82	0.51	2,953,213,088	82.53
TOTAL	15,971	100.00	3,578,232,491	100.00

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	999,439,384	27.93
2	DBS NOMINEES (PRIVATE) LIMITED	467,068,584	13.05
3	RHB BANK NOMINEES PTE LTD	293,693,966	8.21
4	DB NOMINEES (SINGAPORE) PTE LTD	267,837,878	7.49
5	HSBC (SINGAPORE) NOMINEES PTE LTD	153,999,774	4.30
6	DBSN SERVICES PTE. LTD.	146,180,205	4.09
7	RAFFLES NOMINEES (PTE.) LIMITED	110,166,361	3.08
8	PHILLIP SECURITIES PTE LTD	57,844,179	1.62
9	UNITED ENGINEERS DEVELOPMENTS PTE LTD	51,554,997	1.44
10	MEIBAN INVESTMENT PTE LTD	35,632,332	1.00
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	30,860,745	0.86
12	ESR FUNDS MANAGEMENT (S) LIMITED	29,736,447	0.83
13	MITSUI AND CO LTD	26,432,353	0.74
14	GOH TIONG YONG	20,917,658	0.58
15	OCBC SECURITIES PRIVATE LIMITED	19,446,173	0.54
16	ABN AMRO CLEARING BANK N.V.	18,875,095	0.53
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	18,082,189	0.51
18	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	13,853,791	0.39
19	UOB KAY HIAN PRIVATE LIMITED	11,744,429	0.33
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	11,205,982	0.31
	TOTAL	2,784,572,522	77.83

Statistics of Unitholdings

as at 15 March 2021

INTEREST OF SUBSTANTIAL UNITHOLDERS

The interests of the Substantial Unitholders in Units as recorded in the Register of Substantial Unitholders as 15 March 2021 are set out below.

Substantial Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	%*	No. of Units	%*	No. of Units	%*
Mr. Tong Jinquan	172,802,987	4.83	664,861,279 ⁽¹⁾	18.58	837,664,266	23.41
Shanghai Summit (Group) Co., Ltd	-	-	621,952,678 ⁽²⁾	17.38	621,952,678	17.38
Longemont Real Estate Pte. Ltd.	-	-	621,952,678 ⁽²⁾	17.38	621,952,678	17.38
Leading Wealth Global Inc	621,952,678	17.38	-	-	621,952,678	17.38
ESR Cayman Limited	-	-	349,357,842 ⁽³⁾	9.76	349,357,842	9.76
e-Shang Jupiter Cayman Limited	-	-	349,357,842 ⁽³⁾	9.76	349,357,842	9.76
e-Shang Infinity Cayman Limited	309,329,422	8.64	40,028,420 ⁽⁴⁾	1.12	349,357,842	9.76

Notes:

* Based on Substantial Unitholders' disclosures in respect of interests in securities.

- (1) Wealthy Fountain Holdings Inc holds 60 ESR-REIT units and Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT units. Both Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Shanghai Summit Pte Ltd ("SSPL"). ESR-FM holds 29,736,447 ESR-REIT units and is 25% owned by SSPL. Both SSPL and Shanghai Summit (Group) Co., Ltd are wholly owned by Mr. Tong Jinquan. Therefore, he is deemed to be interested in 621,952,678 ESR-REIT Units held by Shanghai Summit (Group) Co., Ltd and 42,908,601 ESR-REIT Units held by Shanghai Summit Pte. Ltd.
- (2) Shanghai Summit (Group) Co., Ltd is the sole shareholder of Longemont Real Estate Pte. Ltd., which is in turn the sole shareholder of Leading Wealth Global Inc. Therefore, each of Shanghai Summit (Group) Co., Ltd and Longemont Real Estate Pte. Ltd. is deemed to be interested in the 621,952,678 ESR-REIT Units held by Leading Wealth Global Inc.
- (3) ESR Cayman Limited is the sole shareholder of e-Shang Jupiter Cayman Limited, which is in turn the sole shareholder of e-Shang Infinity Cayman Limited. Therefore, each of ESR Cayman Limited and e-Shang Jupiter Cayman Limited is deemed to be interested in the 349,357,842 ESR-REIT Units held by e-Shang Infinity Cayman Limited.
- (4) e-Shang Infinity Cayman Limited indirectly owns 67.3% equity interest in the Manager and 100.0% equity interest in ESR Property Management (S) Pte. Ltd. Each of the Manager and ESR Property Management (S) Pte. Ltd. holds 29,736,447 ESR-REIT Units and 10,291,973 ESR-REIT Units, respectively. Therefore, e-Shang Infinity Cayman Limited is deemed to be interested in the 40,028,420 ESR-REIT Units held by the Manager and ESR Property Management (S) Pte. Ltd.

Statistics of Unitholdings

as at 15 March 2021

DIRECTOR'S INTEREST IN UNITS

As at 21 January 2021

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units issued by ESR-REIT are as follows.

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Mr. Ooi Eng Peng	-	-	-	-	-	-
Mr. Khor Un-Hun	-	-	-	-	-	-
Mr. Philip Pearce	-	-	-	-	-	-
Mr. Jeffrey Perlman	-	-	-	-	-	-
Dr. Leong Horn Kee	107,712	0.0030	-	-	107,712	0.0030
Mr. Ronald Lim	155,423	0.0043	-	-	155,423	0.0043
Ms. Stefanie Yuen Thio	148,527	0.0042	35,804 ⁽²⁾	0.0010	184,331	0.0052
Mr. Wilson Ang	3,793,387	0.1061	-	-	3,793,387	0.1061
Mr. Tong Jinquan	172,802,987	4.8318	662,990,914 ⁽³⁾	18.5381	835,793,901	23.3699
Mr. Adrian Chui	-	-	-	-	-	-

Notes:

- (1) The percentage interest is computed based on the total number of ESR-REIT Units in issue as at 21 January 2021 of 3,576,362,126.
- (2) As 35,804 ESR-REIT Units are held by Ms Stefanie Yuen Thio's husband, Ms. Stefanie Yuen Thio is deemed to be interested in these ESR-REIT Units.
- (3) Wealthy Fountain Holdings Inc holds 60 ESR-REIT Units and Skyline Horizon Consortium Ltd holds 13,172,094 ESR-REIT units. Both Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Shanghai Summit Pte Ltd ("SSPL"). ESR-FM holds 27,866,082 ESR-REIT units and is 25% owned by SSPL. Both SSPL and Shanghai Summit (Group) Co., Ltd are wholly owned by Mr. Tong Jinquan. Therefore, he is deemed to be interested in 621,952,678 ESR-REIT Units held by Shanghai Summit (Group) Co., Ltd and 41,038,236 ESR-REIT Units held by Shanghai Summit Pte. Ltd..

FREE FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 15 March 2021 approximately 61.6% of ESR-REIT's Units are held by the public and therefore, Rule 723 of the listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting (“**AGM**”) of the holders of units of ESR-REIT (“**Unitholders**”) will be held at Suntec Singapore International Convention and Exhibition Centre, Room 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 and by way of electronic means, on 22 April 2021 (Thursday) at 10.00 a.m., to consider and, if thought fit, to pass, with or without any modifications, the following resolutions:

AS ORDINARY BUSINESS

1. Ordinary Resolution

To receive and to adopt the report issued by RBC Investor Services Trust Singapore Limited, as trustee of ESR-REIT (the “**Trustee**”), the statement issued by ESR Funds Management (S) Limited, as manager of ESR-REIT (the “**Manager**”), and the audited financial statements of ESR-REIT for the financial year ended 31 December 2020 together with the auditors’ report thereon.

2. Ordinary Resolution

To re-appoint Ernst & Young LLP as Auditor of ESR-REIT to hold office until the conclusion of the next AGM and to authorise the Directors of the Manager to fix their remuneration.

AS SPECIAL BUSINESS

3. Ordinary Resolution

That authority be and is hereby given to the Manager, to

- (a) (i) issue units in ESR-REIT (“**Units**”) whether by way of rights, bonus or otherwise, and including any capitalisation of any sum for the time being standing to the credit of any of ESR-REIT’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or
- (ii) make or grant offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, options, debentures or other instruments convertible into Units (collectively, “**Instruments**”),

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) in each class as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed twenty per cent. (20%) of the total number of Units (excluding treasury Units, if any) in each class as calculated in accordance with sub-paragraph (2) below;

Notice of Annual General Meeting

- (2) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are issued and outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with applicable legal requirements governing ESR-REIT, including but not limited to the provisions of the Listing Manual of the SGX-ST (the “**Listing Manual**”) for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting ESR-REIT (as amended) (the “**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of ESR-REIT or (ii) the date on which the next AGM of ESR-REIT is required by applicable regulations or the Trust Deed to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider necessary, expedient, incidental or in the interest of ESR-REIT to give effect to the authority contemplated and/or authorised by this Resolution.

(Please see Explanatory Notes)

Notice of Annual General Meeting

4. Ordinary Resolution

That:-

(a) the exercise of all the powers of the Manager to repurchase or otherwise acquire Units for and on behalf of ESR-REIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market repurchase(s) or acquisition(s) of Units through the trading system of the SGX-ST; and/or

(ii) off-market repurchase(s) of Units otherwise than on a securities exchange and made under an "equal access scheme" for repurchase of Units from Unitholders in accordance with the Trust Deed,

and otherwise in accordance with the Trust Deed and all applicable laws and regulations including without limitation the Listing Manual as may for the time be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**");

(b) the authority conferred on the Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of ESR-REIT is or is required by applicable laws and regulations or the Trust Deed to be held, whichever is the earlier;

(ii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Unit Buy-Back Mandate is revoked or varied;

Notice of Annual General Meeting

(c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market repurchase or, as the case may be, the date of the making of the offer pursuant to the off-market repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and on the date of the market repurchase;

“date of the making of the offer” means the date on which the Manager makes an offer for an off-market repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market repurchase;

“Market Day” means a day on which the SGX-ST is open for trading in securities;

“Maximum Limit” means that number of Units representing 10.0% of the total number of issued Units as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed 105.0% of the Average Closing Price of the Units for both a market repurchase and an off-market repurchase.

(d) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of ESR-REIT to give effect to the transactions contemplated and/or authorised by this Resolution.

All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Circular to Unitholders dated 7 April 2021 (“Circular”).

(Please see Explanatory Notes)

OTHER BUSINESS

To transact any other business which may properly be brought forward.

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

(Company Registration No.: 200512804G, Capital Markets Services Licence No.: CMS 100132)

As Manager of ESR-REIT

Adrian Chui

Chief Executive Officer and Executive Director

Singapore

7 April 2021

Notice of Annual General Meeting

Explanatory notes:

Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of ESR-REIT; (ii) the date on which the next AGM of ESR-REIT is required by the applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest (the “**Mandated Period**”), to issue Units whether by way of bonus or otherwise and/or to make or grant Instruments and to issue Units pursuant to such Instruments, provided that the aggregate number of Units issued under the Ordinary Resolution 3 does not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) with a sub-limit of twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) for issuances other than on a pro rata basis to Unitholders. For the avoidance of doubt, the Manager may, if the Ordinary Resolution 3 is passed, issue Units up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any) on a pro rata basis (including, without limitation, issuance of Units by way of a renounceable rights issue or a non-renounceable preferential offering).

The Ordinary Resolution 3 above, if passed, will empower the Manager to issue Units, during the Mandated Period, as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

To determine the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units, if any) will be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are issued and outstanding or subsisting at the time the Ordinary Resolution 3 is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Ordinary Resolution 4

Ordinary Resolution 4 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of ESR-REIT; (ii) the date on which the next AGM of ESR-REIT is required by the applicable laws and regulations or the Trust Deed to be held, (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, or (iv) the date on which the authority conferred by the Unit Buy-Back Mandate is revoked or varied, whichever is the earliest, to exercise all the powers to repurchase or acquire issued Units for and on behalf of ESR-REIT not exceeding in aggregate 10.0% of the total number of Units as at the date of the passing of this Resolution, whether by way of market repurchase(s) or off-market repurchase(s), on the terms of the Unit Buy-Back Mandate set out in the Circular.

Apart from using its internal sources of funds, the Manager may obtain or incur borrowings to finance its repurchases or acquisitions of Units on behalf of ESR-REIT. The Manager does not propose to exercise the Unit Buy-Back Mandate to such extent that it would result in any material adverse effect to the financial position or listing status of ESR-REIT. The amount of financing required for the Manager to repurchase Units pursuant to the Unit Buy-back Mandate and the impact on the ESR-REIT's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of Units repurchased and the repurchase prices paid at the relevant times.

An illustration of the financial effects of the Unit repurchases by the Manager pursuant to the Unit Buy-Back Mandate on the audited consolidated financial statements of ESR-REIT and its subsidiaries for the financial year ended 31 December 2020 is set out in the Circular.

Notice of Annual General Meeting

Notes:

1. ESR-REIT will be conducting the AGM at Suntec Singapore International Convention and Exhibition Centre, Room 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 in accordance with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 (the “**Physical Meeting**”) and by way of electronic means in accordance with the said Act, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement of the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 13 April 2020 (as amended) titled “Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period” (the “**Virtual Meeting**”).
2. **Online Pre-registration required for Unitholders who wish to attend the AGM:**
 - (a) Unitholders and investors who hold Units through the Central Provident Fund (“**CPF**”) or the Supplementary Retirement Scheme (“**SRS**”) (“**CPF/SRS investors**”) who wish to attend either the Physical Meeting or the Virtual Meeting must pre-register online at <http://www.smartagm.sg/esrreitagm2021> (the “**Pre-registration Page**”) by **19 April 2021 (Monday), 10.00 a.m.** (being 72 hours before the time appointed for the holding of the AGM) for verification purposes. Unitholders and CPF/SRS Investors can scan the QR Code below to pre-register for the Physical Meeting or the Virtual Meeting.



- (b) Persons who hold Units through a Relevant Intermediary (as defined in the trust deed constituting ESR-REIT (as amended)) (“**Relevant Intermediary Unitholders**”) who wish to attend either the Physical Meeting or the Virtual Meeting should request their Relevant Intermediary to make arrangements to pre-register on their behalf. The Relevant Intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com no later than 19 April 2021 (Monday), 10.00 a.m.
3. **Conduct of the Physical Meeting:**
 - (a) Due to the current COVID-19 restriction orders in Singapore, the Manager will restrict the number of in-person attendees at the Physical Meeting by imposing a limit of 30 Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders to be accommodated at the Physical Meeting. It should be noted that this limit for in-person attendees at the Physical Meeting may be subject to change taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.

Precautionary measures will be taken at the Physical Meeting to ensure the safety of attendees and minimise the risk of community spread of COVID-19. Attendees must abide by all measures notified to them, failing which they may be asked to leave the Physical Meeting.

Notice of Annual General Meeting

- (b) **Successful authenticated Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders for the Physical Meeting:** Following successful verification by the Manager, authenticated Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who have successfully pre-registered for the Physical Meeting will receive the following by 21 April 2021 (Wednesday), 10.00 a.m.:
- (i) a confirmation email for the Physical Meeting containing details as well as instructions on attending the Physical Meeting (the “**Confirmation Email for Physical Meeting**”); or
 - (ii) a confirmation email which contains unique user credentials and instructions on how to access the live audio-visual webcast/live audio-only stream of the AGM proceedings and submit questions during the AGM (the “**Confirmation Email for Virtual Meeting**”), which can also be used to attend the Virtual Meeting in the event the successful Unitholder, CPF/SRS investor or Relevant Intermediary Unitholder is unable to attend the Physical Meeting for unforeseen reasons.

Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who have received the Confirmation Email for Physical Meeting will be required to bring their original NRIC/Passport for registration on the day of the AGM. **Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who did not receive the Confirmation Email for Physical Meeting or who do not bring their original NRIC/Passport for registration on the day of the AGM will not be allowed entry into the Physical Meeting.**

- (c) **Unsuccessful authenticated Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders for the Physical Meeting:** Following verification by the Manager, authenticated Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who are unsuccessful in the pre-registration for the Physical Meeting due to excess demand will receive the Confirmation Email for Virtual Meeting by 10.00 a.m. on 21 April 2021 (Wednesday).
- (d) Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who do not receive the Confirmation Email for Physical Meeting and/or the Confirmation Email for Virtual Meeting by 10.00 a.m. on 21 April 2021 (Wednesday), but have pre-registered by the deadline of 10.00 a.m. on 19 April 2021 (Monday) should contact the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at AGM.TeamE@boardroomlimited.com immediately.

4. Conduct of the Virtual Meeting

The proceedings of the AGM will be broadcast through a live webcast comprising both video (audio-visual) and audio-only feeds. Please pre-register for the live audio-visual webcast/live audio-only stream if you wish to attend the Virtual Meeting. Following successful verification, a confirmation email which contains unique user credentials and instructions on how to access the live audio-visual webcast/live audio-only stream of the AGM proceedings and submit questions during the AGM will be sent to you before the AGM (the “**Confirmation Email for Virtual Meeting**”). Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who do not receive the Confirmation Email for Virtual Meeting by 10.00 a.m. on 21 April 2021 (Wednesday), but have pre-registered for the Virtual Meeting by the deadline of 19 April 2021 (Monday), 10.00 a.m. should contact the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at AGM.TeamE@boardroomlimited.com immediately.

Notice of Annual General Meeting

5. Submission of Questions:

- (a) All Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders will be able to ask questions at both the Physical Meeting and the Virtual Meeting in the following manner:
- (i) if attending the Physical Meeting, Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders will be able to:
 - (A) submit questions in advance of the AGM (see paragraph 5(b) below for further details); and
 - (B) raise questions verbally at the Physical Meeting;
 - (ii) if attending the Virtual Meeting, Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders will be able to:
 - (A) submit questions in advance of the AGM (see paragraph 5(b) below for further details); or
 - (B) pose questions live at the Virtual Meeting during the live audio-visual webcast.
- (b) All Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders can and are strongly encouraged to submit questions relating to the business of the AGM in advance of the AGM up till **19 April 2021 (Monday), 10.00 a.m.** (being 72 hours before the time appointed for the holding of the AGM).
- (i) Unitholders and CPF/SRS investors may submit their questions on the Pre-registration Page or via electronic mail to ir@esr-reit.com.sg or by post addressed to Investor Relations at 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946.
 - (ii) Relevant Intermediary Unitholders (excluding CPF/SRS investors) may submit questions through their Relevant Intermediary, who in turn should submit a consolidated list of questions to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamEQ@boardroomlimited.com.
- (c) Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who submit questions in advance of the AGM should provide the following information to us (or, in the case of Relevant Intermediary Unitholders, their Relevant Intermediary) for our verification purposes:
- (i) your full name;
 - (ii) your address, contact number and email; and
 - (iii) the manner in which you hold Units (if you hold Units directly, please provide your CDP account number; otherwise, please state if you hold your Units through CPF or SRS, or are a Relevant Intermediary Unitholder).
- (d) In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for Unitholders to submit questions by post, Unitholders who wish to submit questions in advance of the AGM are strongly encouraged to submit questions electronically on the Pre-registration Page or by email. The Manager will endeavour to address all substantial and relevant questions either prior to the AGM (via an announcement on SGXNET and ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html>) or during the AGM.

Notice of Annual General Meeting

6. Voting Solely via Appointing Chairman as Proxy (Submit a Proxy Form):

Unitholders will only be able to vote at the AGM by appointing the Chairman of the AGM as proxy to vote on their behalf. Duly completed Proxy Forms must be deposited with ESR-REIT:

- (i) via post to the office of the Unit Registrar of ESR-REIT at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- (ii) via electronic mail to AGM.TeamE@boardroomlimited.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF)

The Proxy Forms must be received by ESR-REIT by **19 April 2021 (Monday), 10.00 a.m.** (being 72 hours before the time appointed for the holding of the AGM). Proxy Forms can be downloaded from ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> or the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>. In the Proxy Form, a Unitholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the AGM. All valid votes cast via proxy on each resolution will be counted. If no specific direction as to voting is given, the Chairman of the AGM will vote or abstain from voting at his/her discretion.

In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for Unitholders to submit Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms via electronic mail. Please refer to the Proxy Form for further information.

7. Voting by Relevant Intermediary Unitholders and CPF/SRS investors:

Relevant Intermediary Unitholders (including CPF/SRS investors) who wish to vote should **not** make use of the Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators as soon as possible and at least **seven (7) working days** before the AGM (i.e. by **12 April 2021 (Monday)**), to ensure that their votes are submitted.

Notice of Annual General Meeting

Documents and information relating to the AGM (including this Notice of AGM, the Annual Report 2020, Circular and the Proxy Form) are available on ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html>, and on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>. Unitholders and CPF/SRS investors can scan the QR Code below to access the Annual Report 2020, Circular and the Proxy Form.



Printed copies of the Annual Report 2020 and the Circular will not be despatched to Unitholders, unless otherwise requested. For Unitholders' convenience, printed copies of this Notice of AGM, the Proxy Form, the Letter to Unitholders and the Request Form for Unitholders to request for a printed copy of the Annual Report 2020 and/or the Circular (the "Request Form") have been despatched to Unitholders. Unitholders may request for printed copies of the Annual Report 2020 and/or the Circular by completing and returning the Request Form to the Manager by 14 April 2021 (Wednesday).

In view of the rapidly evolving COVID-19 situation, Unitholders should note that the manner of conduct of the AGM may be subject to further changes at short notice. Unitholders are advised to check ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> and SGXNET regularly for updates. Alternatively, Unitholders may sign up for email alerts here (https://esr-reit.listedcompany.com/email_alerts.html) to receive the latest updates.

Important Notice:

The value of Units and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations of the Manager, the Trustee, or any of their respective related corporations and affiliates (individually and collectively, the "Affiliates").

An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-REIT, the Manager, the Trustee nor any of their Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), recording and transmitting images and/or voice recordings when broadcasting the AGM proceedings through live audio-visual webcast/live audio-only stream, and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ESR-REIT

(A unit trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

Proxy Form

Annual General Meeting

IMPORTANT:

1. A Unitholder (whether individual or corporate) must appoint the Chairman of Annual General Meeting as his/her/its proxy at the Annual General Meeting if such Unitholder wishes to exercise his/her/its voting rights at the Annual General Meeting. There will not be real-time voting at the Annual General Meeting.
2. For investors holding units of ESR-REIT through a Relevant Intermediary (as defined in the trust deed constituting ESR-REIT (as amended)) ("Relevant Intermediary Unitholders") and investors who hold Units through the Central Provident Fund or the Supplementary Retirement Scheme ("CPF/SRS investors"), this Proxy Form is **NOT VALID FOR USE** and shall be ineffective for all intents and purposes if used or purported to be used by such investors. Relevant Intermediary Unitholders should approach their Relevant Intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks/SRS Operators at least **seven working days** before the Annual General Meeting (i.e. by **12 April 2021**) to ensure that their votes are submitted.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2021.

I/We, _____ (Name and NRIC no./Passport no./Company Registration no.)
of _____ (Address)

being a unitholder/ unitholders of ESR-REIT, hereby appoint the Chairman of the Annual General Meeting as my/our proxy to attend, to speak (as applicable) and to vote for me/us on my/our behalf at the Annual General Meeting of ESR-REIT to be held at Suntec Singapore International Convention and Exhibition Centre, Room 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 and by way of electronic means on 22 April 2021 (Thursday), 10.00 a.m., and at any adjournment thereof. I/We direct my/our proxy to vote (i) for, (ii) against, or (iii) abstain from voting on, the resolutions to be proposed at the Annual General Meeting as indicated hereunder[#]. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she may on any other matter arising at the Annual General Meeting.

No.	Resolutions:	For*	Against*	Abstain*
	ORDINARY BUSINESS			
1	To receive and adopt the Trustee's Report, the Statement by the Manager and the Audited Financial Statements of ESR-REIT for the financial year ended 31 December 2020			
2	To re-appoint Ernst & Young LLP as Auditor of ESR-REIT to hold office until the conclusion of the next Annual General Meeting and to authorise the Manager to fix their remuneration			
	SPECIAL BUSINESS			
3	To authorise the Manager to issue Units and to make or grant convertible instruments			
4	To authorise the Manager to repurchase or otherwise acquire Units for and on behalf of ESR-REIT pursuant to the Unit Buy-Back Mandate			

[#] You should specifically direct the proxy on how he/ she is to vote for, vote against (or abstain from voting on) the resolutions.

* If you wish to exercise all your votes "For", "Against" or "Abstain", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2021

**Total number of Units held
(Note 2)**

Signature(s) of Unitholder(s) / Common Seal

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

(Please glue an seal a long the edge)

(Please glue an seal along the edge)

Postage will
be paid by
addressee.
For posting
in Singapore
only.

**BUSINESS REPLY SERVICE
PERMIT NO. 08027**



**ESR Funds Management (S) Limited
(as Manager of ESR-REIT)**

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to proxy form:

1. Due to the current COVID-19 restriction orders in Singapore, the Manager will restrict the number of in-person attendees at the Physical Meeting by imposing a limit of 30 Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders to be accommodated at the Physical Meeting. It should be noted that this limit for in-person attendees at the Physical Meeting may be subject to change taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.
2. A holder of units of ESR-REIT ("Unitholder") who wishes to vote at the Annual General Meeting of ESR-REIT must appoint the Chairman of the Annual General Meeting to act as his/her proxy to vote on behalf of him/ her at the Annual General Meeting in respect of all the units of ESR-REIT ("Units") held by him/her. There will not be real-time voting at the Annual General Meeting. In the Proxy Form, a Unitholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions. All valid votes cast via proxy on each resolution will be counted.
3. A Unitholder should insert the total number of Units held. If the Unitholder only has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder only has Units registered in his/her name in the Register of Unitholders of ESR-REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder in both the Depository Register and the Register of Unitholders.
4. The instrument appointing a proxy (the "Proxy Form") must be deposited by post to the office of the Unit Registrar of ESR-REIT at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by electronic mail to AGM.TeamE@boardroomlimited.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF) and must be received by ESR-REIT by 19 April 2021 (Monday), 10.00 a.m. (being 72 hours before the time appointed for the Annual General Meeting). In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for Unitholders to submit Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms via electronic mail.
5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be deposited by post to the office of the Unit Registrar of ESR-REIT at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by electronic mail to AGM.TeamE@boardroomlimited.com, and must be received by ESR-REIT by 19 April 2021 (Monday), 10.00 a.m. (being 72 hours before the time appointed for the Annual General Meeting), failing which the Proxy Form may be treated as invalid. In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for Unitholders to submit such documents by post, Unitholders are strongly encouraged to submit such documents via electronic mail.
7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Manager.
8. All Unitholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
9. Every Unitholder shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

ESR-REIT

(A real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

Request Form

7 April 2021

Dear Unitholders,

We are pleased to enclose printed copies of the Notice of Meeting, the Proxy Form and the Letter to Unitholders for the upcoming Annual General Meeting of ESR-REIT to be held on 22 April 2021 (Thursday), 10.00 a.m..

As part of our sustainability efforts and in line with ESR-REIT's Trust Deed, the Code on Collective Investment Schemes and the Listing Rules of the SGX-ST, an electronic copy of the Annual Report for the financial year ended 31 December 2020 (the "**Annual Report 2020**") and the Circular dated 7 April 2021 ("**Circular**") have been uploaded onto ESR-REIT's website and on the SGX-ST's website on the date of this letter, and may be accessed and downloaded at the following links: <https://esr-reit.listedcompany.com/ar.html> and <https://www.sgx.com/securities/company-announcements>. You will need an internet browser and PDF reader to view these documents.

If you wish to receive a printed copy of the Annual Report 2020 and/or the Circular, please indicate your request by completing and signing the request form below and sending it back to us by post to the address stated overleaf or by emailing it to email address AGM.TeamE@boardroomlimited.com, to reach the Manager no later than **14 April 2021 (Wednesday)**.

For avoidance of doubt, your latest request supersedes any earlier requests received by us.

By providing us with the information required in the request form below, you agree and acknowledge that we and/or our service providers may collect, use and disclose your personal data provided by you for the purpose of processing and effecting your request.

We look forward to seeing you at our Annual General Meeting on **22 April 2021 (Thursday), 10.00 a.m.**

Yours faithfully

For and on behalf of
ESR Funds Management (S) Limited
(as Manager of ESR-REIT)

Adrian Chui
Chief Executive Officer and Executive Director

**To: ESR Funds Management (S) Limited
(as Manager of ESR-REIT)**

Note: Please tick the applicable box below if you would like to receive a printed copy of the Annual Report 2020 and/or the Circular, and return this form, by post to the address stated overleaf or by emailing it to email address AGM.TeamE@boardroomlimited.com, to reach the Manager by 14 April 2021 (Wednesday). We regret that we would not be able to process any late, incomplete or improperly completed forms.

I wish to receive a printed copy of the Annual Report 2020.

I wish to receive a printed copy of the Circular.

Name(s) of Unitholder(s): _____ NRIC/Passport No.: _____

My/Our Units are held under or through:

CDP Securities Account number

					-														
--	--	--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

CPFIS/SRS Account

Address: _____

Email: _____

Signature(s) _____ Date: _____

(Please glue an seal along the edge)

(Please glue an seal along the edge)

3rd fold here, glue along the dotted line and fold flap

Postage will
be paid by
addressee.
For posting
in Singapore
only.

**BUSINESS REPLY SERVICE
PERMIT NO. 08027**



**ESR Funds Management (S) Limited
(as Manager of ESR-REIT)**
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

1st fold here

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

Corporate Directory

MANAGER

ESR Funds Management (S) Limited

Company Registration Number:
200512804G
Capital Markets Services Licence
Number: 100132

Registered Office:
138 Market Street
#26-03/04 CapitaGreen
Singapore 048946
T: (65) 6222 3339
F: (65) 6827 9339
www.esr-reit.com.sg

TRUSTEE

RBC Investor Services Trust Singapore Limited

8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960
T: (65) 6230 1988
F: (65) 6532 0215
www.rbcits.com

PROPERTY MANAGER

ESR Property Management (S) Pte. Ltd.

Company Registration Number:
200515344N

Registered Office:
138 Market Street
#26-03/04 CapitaGreen
Singapore 048946
T: (65) 6222 3339
F: (65) 6827 9339
www.esr-reit.com.sg

BOARD OF DIRECTORS OF ESR-FM

Mr. Ooi Eng Peng
Independent Chairman

Mr. Khor Un-Hun
Independent Director

Dr. Leong Horn Kee
Independent Director

Mr. Ronald Lim
Independent Director

Ms. Stefanie Yuen Thio
Independent Director

Mr. Philip Pearce
Non-Executive Director

Mr. Jeffrey Perlman
Non-Executive Director

Mr. Tong Jinqun
Non-Executive Director

Mr. Wilson Ang
Non-Executive Director

Mr. Adrian Chui
CEO and Executive Director

ARCC
Mr. Khor Un-Hun (*Chairman*)
Mr. Ooi Eng Peng
Dr. Leong Horn Kee
Mr. Ronald Lim
Ms. Stefanie Yuen Thio

NRC
Mr. Ooi Eng Peng (*Chairman*)
Mr. Ronald Lim
Mr. Jeffrey Perlman

EXCO
Mr. Ooi Eng Peng (*Chairman*)
Mr. Philip Pearce
Mr. Jeffrey Perlman
Mr. Adrian Chui

AUDITORS

Ernst & Young LLP

One Raffles Quay
North Tower, Level 18
Singapore 048583
T: (65) 6535 7777
F: (65) 6532 7662
www.ey.com

Partner-in-charge:
Mr. Lee Wei Hock
(since financial year ended
31 December 2019)

COMPANY SECRETARY

Ms. Angeline Chiang, ACIS
TMF Singapore H Pte. Ltd.
38 Beach Road
#29-11 South Beach Tower
Singapore 189767
T: (65) 6808 1600
F: (65) 6808 1616
www.tmf-group.com

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623
T: (65) 6536 5355
F: (65) 6536 1360
www.boardroomlimited.com

*For updates or change of mailing
address, please contact:*

UNITHOLDER DEPOSITORY

The Central Depository (Pte) Limited

9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
T: (65) 6535 7511
E: asksgx@sgx.com

UNITHOLDERS' ENQUIRIES

Ms. Gloria Low
Corporate Communications Manager
T: (65) 6827 9332
E: enquiry@desr-reit.com.sg

SGX CODE - ESR-REIT
STOCK SYMBOL - J91U



Co. Reg. No. 200512804G

138 Market Street, #26-03/04 CapitaGreen, Singapore 048946
T: (65) 6222 3339 F: (65) 6827 9339 E: enquiry@esr-reit.com.sg
www.esr-reit.com.sg

 facebook.com/esrreit

 linkedin.com/company/esr-reit



This annual report has been printed on environmentally friendly paper with soy ink.

