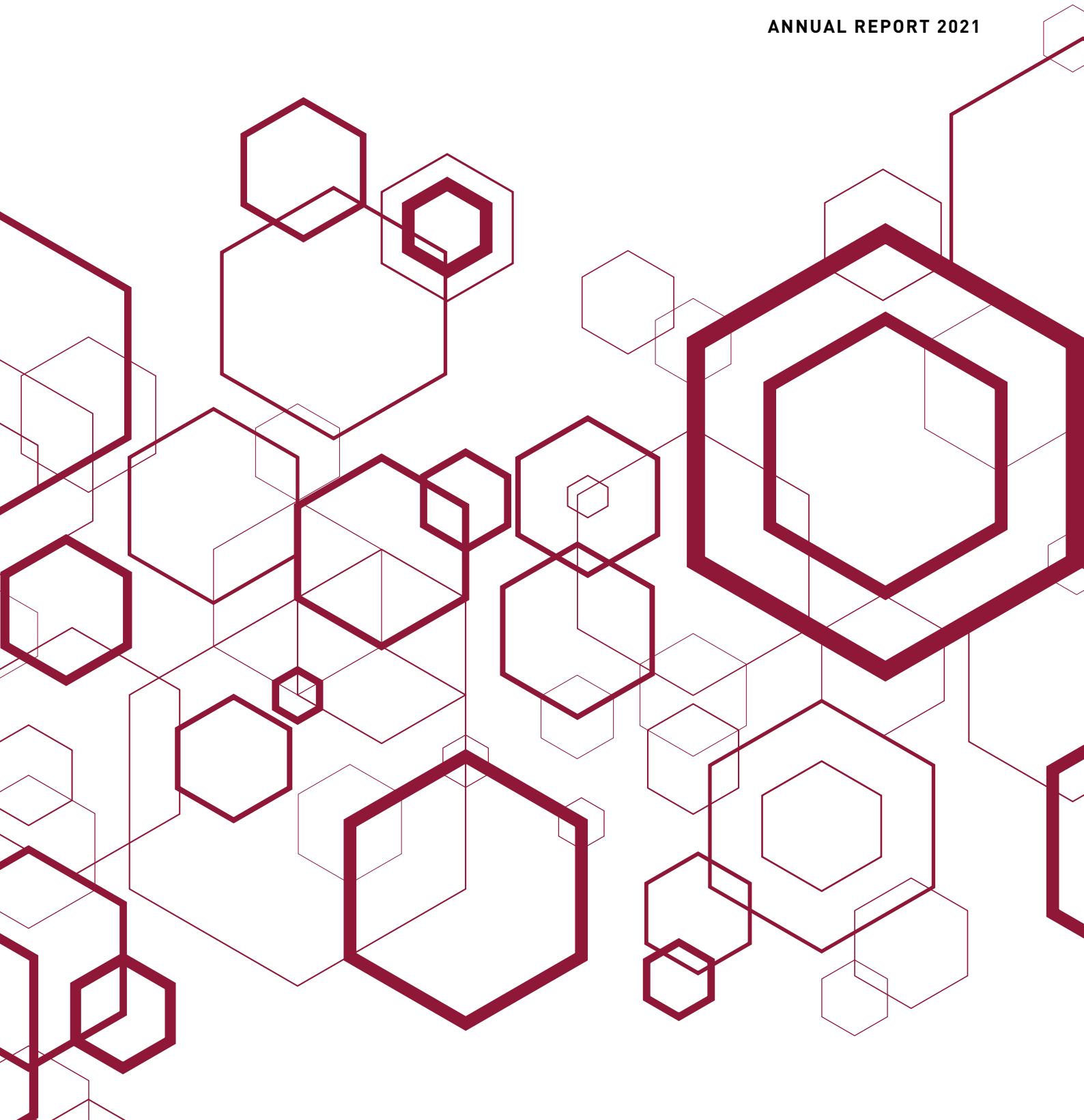




# RISING TO NEW HEIGHTS

ANNUAL REPORT 2021





# CONTENTS

<b>8</b>	Vision, Mission and Corporate Profile	<b>45</b>	Operations Review
<b>10</b>	Trust Structure	<b>54</b>	Financial Review
<b>11</b>	Organisation Structure	<b>58</b>	Capital Management
<b>12</b>	About our Sponsor	<b>60</b>	Singapore Industrial Property Market Overview
<b>14</b>	Message to Unitholders	<b>77</b>	Property Portfolio Map
<b>18</b>	Year in Brief	<b>78</b>	Portfolio Details
<b>20</b>	FY 2021 Key Highlights	<b>92</b>	Risk Management
<b>22</b>	Five-Year Financial Highlights	<b>97</b>	Corporate Governance
<b>24</b>	Unit Price Performance	<b>119</b>	Sustainability
<b>26</b>	Board of Directors	<b>151</b>	Financials
<b>32</b>	Management Team	177	Financial Statements
<b>34</b>	Property Management Team	229	Additional Information
<b>36</b>	Value Creation	<b>233</b>	Statistics of Unitholders
<b>38</b>	Key Trends Underpinning our Strategy	<b>236</b>	Notice of AGM
<b>40</b>	Investor Engagement		Proxy Form
<b>44</b>	Our COVID-19 Response		Request Form
			Corporate Directory

The figures in this report may be subject to rounding differences.

# SEIZING NEW OPPORTUNITIES



COMPLETED

3

DIVESTMENTS AT  
A BLENDED PREMIUM  
TO FAIR VALUE OF  
3.0%

COMPLETED

2

ASSET  
ENHANCEMENTS

COMPLETED

2

DPU ACCRETIVE  
ACQUISITIONS

- 46A TANJONG PENJURU
  - 10.0% INTEREST  
IN ESR AUSTRALIA  
LOGISTICS PARTNERSHIP

Despite the ongoing challenges brought about by a global pandemic, we remained focused on our investment mandate of seizing new opportunities in income-producing assets. This year, ESR-REIT and ARA LOGOS Logistics Trust embarked on a proposed merger to create ESR-LOGOS REIT. Through this synergy of experience and expertise, the merged entity will comprise S\$5.4 billion in total assets, which places us in **a greater position to stay future-ready and deliver sustainable growth to our stakeholders.**

GLOBAL TRADE LOGISTICS CENTRE

46A TANJONG PENJURU  
SINGAPORE 609040

For Lease

9004 3821

9796 6485

M&G  
REAL ESTATE

CBRE

46A Tanjong Penjur | Logistics & Warehouse



92%  
OCCUPANCY



56  
NUMBER OF  
PROPERTIES



S\$3.2<sup>1</sup>  
BILLION  
PORTFOLIO  
VALUATION

Led by a capable management team with strategic insights, we sought new ways to strengthen and diversify our property portfolio. This included our first foray into the Australian market with a 10.0% acquisition stake in ESR Australia Logistics Partnership. Building on this momentum, **we will continue to enhance our competencies and optimise our portfolio** to meet the needs of industrialists for today and beyond.

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.





# ENHANCING CORE COMPETENCIES

PORTFOLIO  
**100.0%**  
UNENCUMBERED

TOTAL EQUITY  
CAPITAL RAISED  
**S\$149.6**  
MILLION

DPU  
**2.987**  
CENTS  
6.7%  
YEAR-ON-YEAR

INTEREST  
RATE FIXED  
**92.1%**

WEIGHTED AVERAGE  
FIXED DEBT EXPIRY  
**2.0**  
YEARS

ALL-IN  
COST OF DEBT  
**3.3%** P.A.

At ESR-REIT, we aim to create value for investors through proactive asset and capital management. **Focusing on our three-pronged strategy**, we are confident in leveraging our capabilities to grow our business into a sizable Pan-Asian REIT that is able to generate stable and secure returns to our Unitholders.





# GENERATING HIGHER YIELD



# ABOUT US

## 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.





## ABOUT ESR-REIT

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 2021 holds interest in a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 15.3 million square feet and an aggregate property value of S\$3.2 billion<sup>1</sup>. 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. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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.**

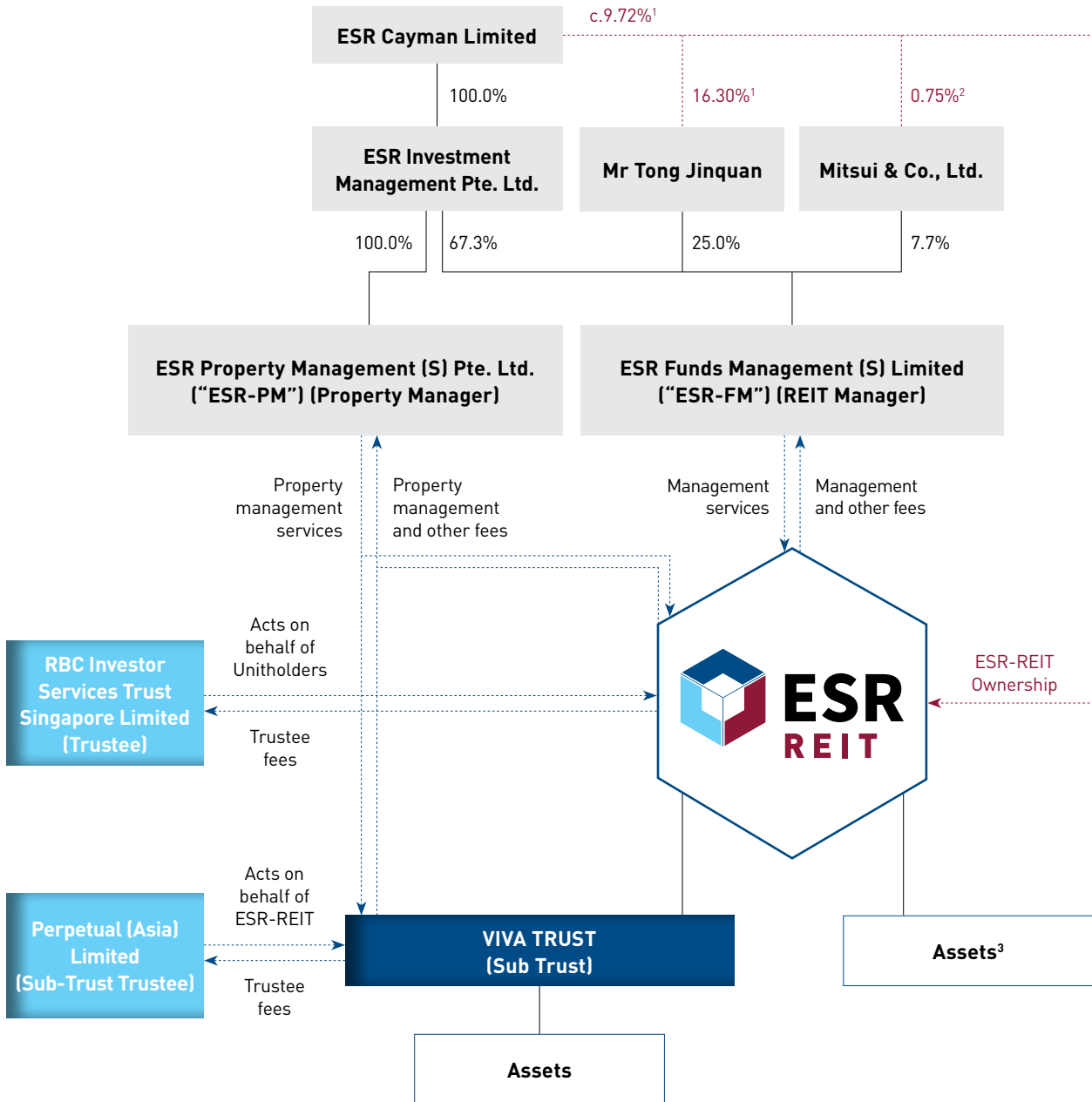
ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, ESR Cayman Limited ("ESR") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

For further information on ESR-REIT, please visit [www.esr-reit.com.sg](http://www.esr-reit.com.sg).

<sup>1</sup> 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.

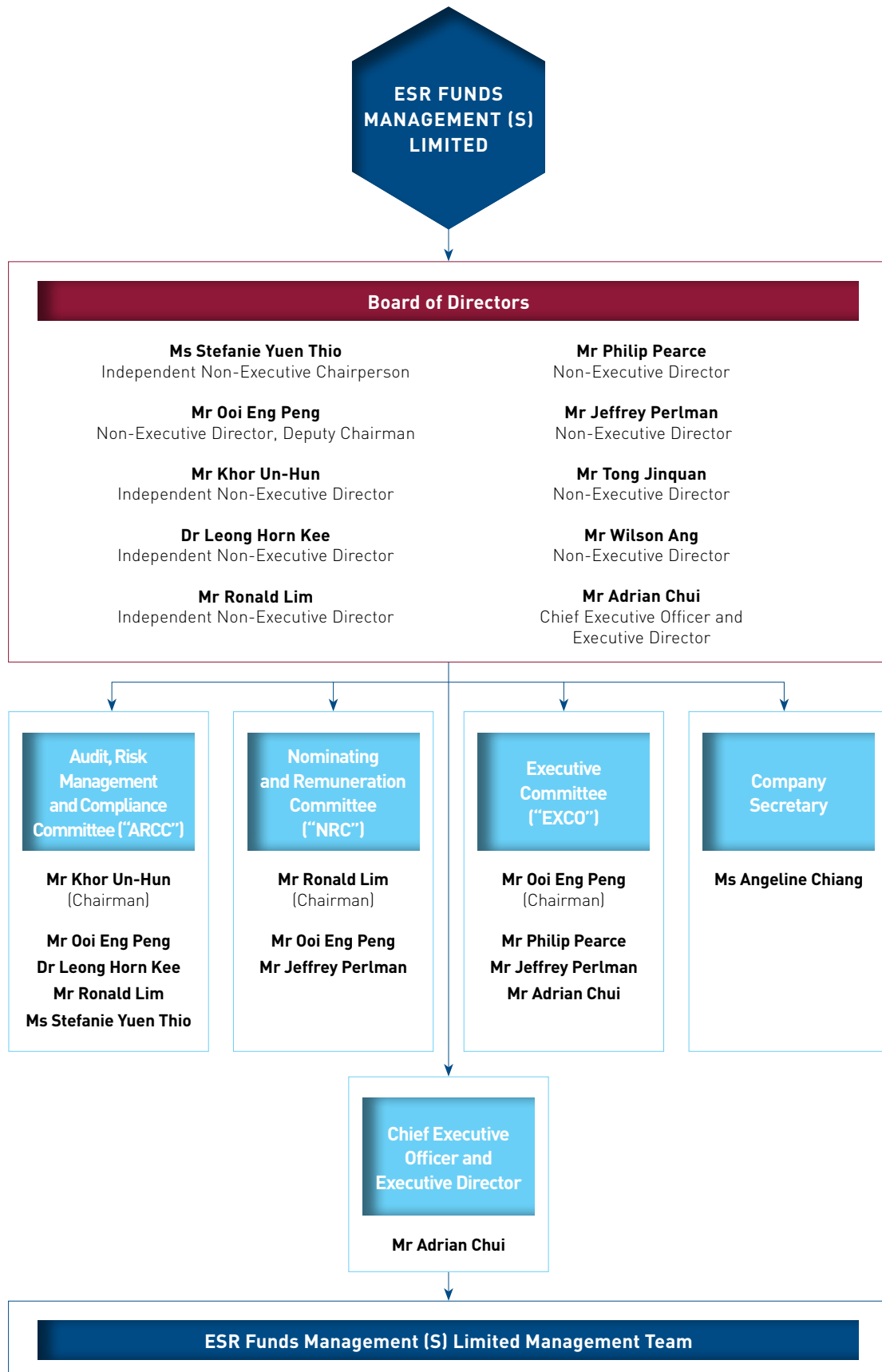


# TRUST STRUCTURE



1 Includes direct interests and/or deemed interests through holding entities in ESR-REIT. Figures as at 28 February 2022.  
 2 As at 28 February 2022.  
 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



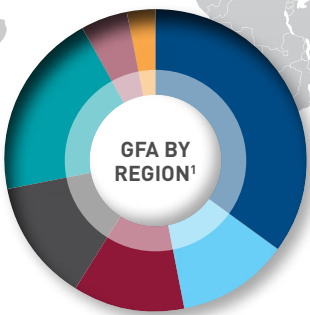
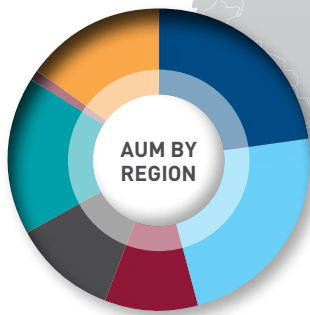
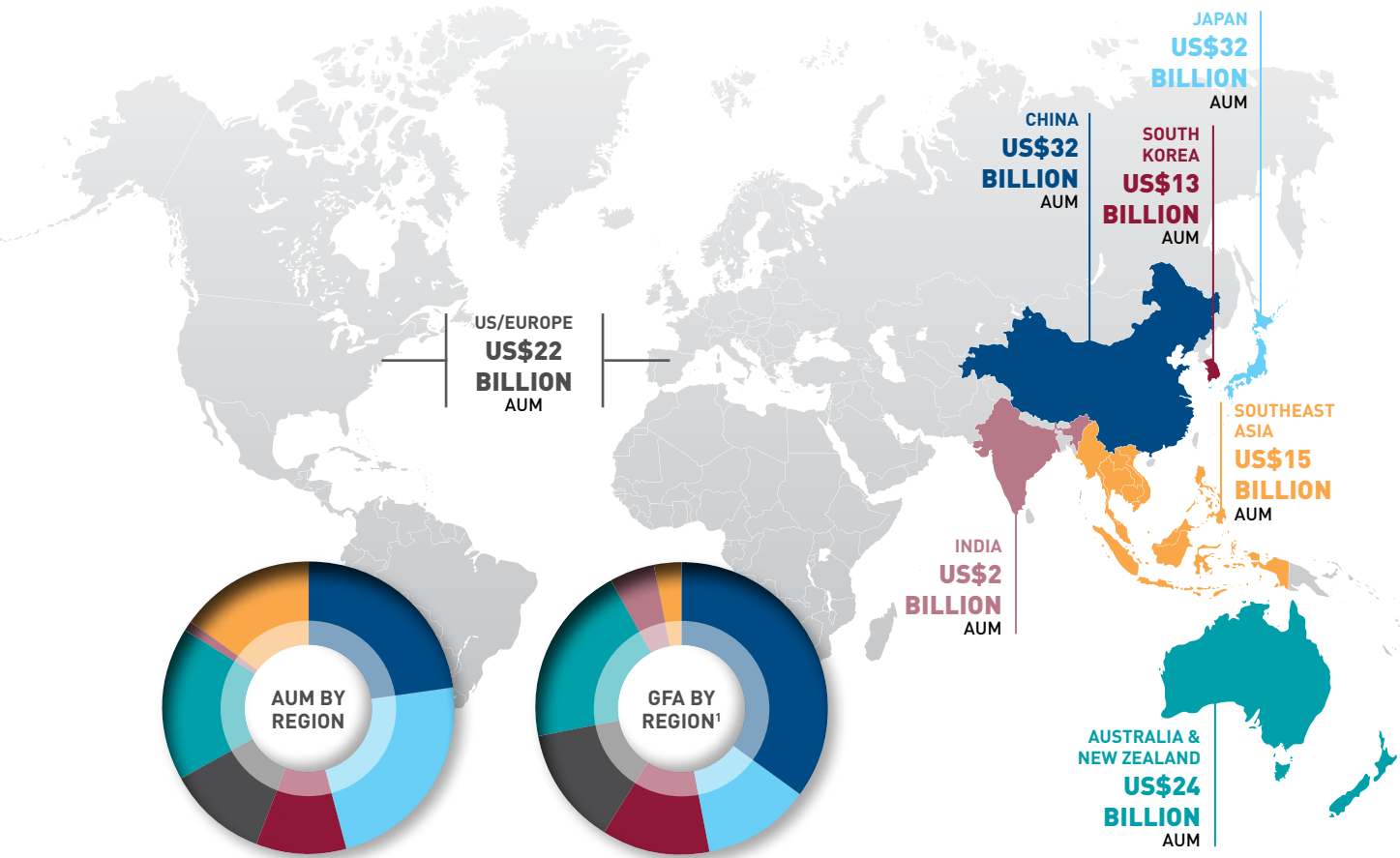
# ABOUT OUR SPONSOR GROUP

## APAC'S #1 REAL ASSET MANAGER POWERED BY THE NEW ECONOMY

### ABOUT ESR GROUP

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$140 billion in gross assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real

estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by the Group and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – *Space and Investment Solutions for a Sustainable Future* – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business.















GREATER CHINA	23%	GREATER CHINA	35%
JAPAN	23%	JAPAN	12%
SOUTH KOREA	10%	SOUTH KOREA	12%
SOUTHEAST ASIA	11%	SOUTHEAST ASIA	13%
AUSTRALIA/NEW ZEALAND	17%	AUSTRALIA/NEW ZEALAND	20%
INDIA	1%	INDIA	5%
US/EUROPE	15%	US/EUROPE	3%

\* AUM as at 31 December 2021

Notes:

1 As of 31 December 2021, excluding assets managed by Associates.

**ESR GROUP'S ROBUST SCALE, VASTLY EXPANDED CAPABILITIES AND DEEPER BREATH OF OFFERINGS WILL DEFINE THE FUTURE OF APAC REAL ESTATE**

<p><b>#1 REAL ASSET MANAGER IN APAC</b></p>	<p><b>POWERED BY THE NEW ECONOMY</b></p>	<p><b>WITH A FULL SUITE OF INVESTMENT SOLUTIONS</b></p>	<p><b>AND A GLOBAL FOOTPRINT WITH A LEADING APAC PRESENCE</b></p>
<p> <b>OVER US\$140 BILLION</b> AUM<sup>2</sup></p>	<p> <b>US\$59 BILLION</b> AUM<sup>2</sup> IN NEW ECONOMY</p>	<p> <b>US\$95 BILLION</b> PRIVATE INVESTMENT VEHICLES<sup>2,6</sup></p>	<p> <b>3<sup>RD</sup> LARGEST</b> LISTED REAL ESTATE INVESTMENT MANAGER GLOBALLY<sup>7</sup></p>
<p> <b>&gt;95%</b> OF GDP IN APAC COVERED<sup>3</sup></p>	<p> <b>~US\$11 BILLION</b> DEVELOPMENT WIP<sup>5</sup></p>	<p> <b>US\$45 BILLION</b> PUBLIC REITS<sup>2</sup></p>	<p> <b>39.8 MILLION</b> SQM<sup>1</sup> OF GFA</p>
<p> <b>31%</b> AUM GROWTH<sup>4</sup></p>	<p> <b>&gt;1,200MW</b> DATA CENTRE PIPELINE<sup>5</sup></p>	<p> <b>68%</b> PERPETUAL + CORE CAPITAL<sup>2</sup> WITH 14 LISTED REITS</p>	<p> <b>28</b> COUNTRIES; ~84% OF ASSETS ALLOCATED IN APAC</p>
<p><b>&gt;2x Closest Peer by AUM</b></p>	<p><b>New Economy Champion with Leadership Positions in All Key APAC Markets</b></p>	<p><b>Comprehensive Real Asset Investment Solutions Across the Risk Spectrum</b></p>	<p><b>Only Player with Leadership Presence; Across APAC Powered by a Fully Integrated &amp; Localised Team</b></p>

2 Including the AUM of associates (Cromwell and Kenedix) as of 31 December 2021.

3 Based on 2020 Nominal GDP per Euromonitor.

4 2016-2021A CAGR for PF ESR Group (incl. ESR, ARA and LOGOS); includes AUM of associates.

5 As of 31 December 2021.

6 Private Real Estate Vehicles include ESR balance sheet assets and non-REITs AUM of Cromwell & Kenedix; include credit AUM from Venn.

7 Real estate AUM only; peer data as of 31 December 2020 based on IRE Global Investment Managers 2021 report; ESR data as of 31 December 2021.

## MESSAGE TO UNITHOLDERS



“ We achieved a 4.9% year-on-year increase in gross revenue to S\$241.3 million and net property income grew 5.5% to S\$173.3 million in FY 2021.”

**From left to right:**

**Adrian Chui,**  
Chief Executive Officer  
and Executive Director

**Stefanie Yuen Thio,**  
Independent Non-  
Executive Chairperson



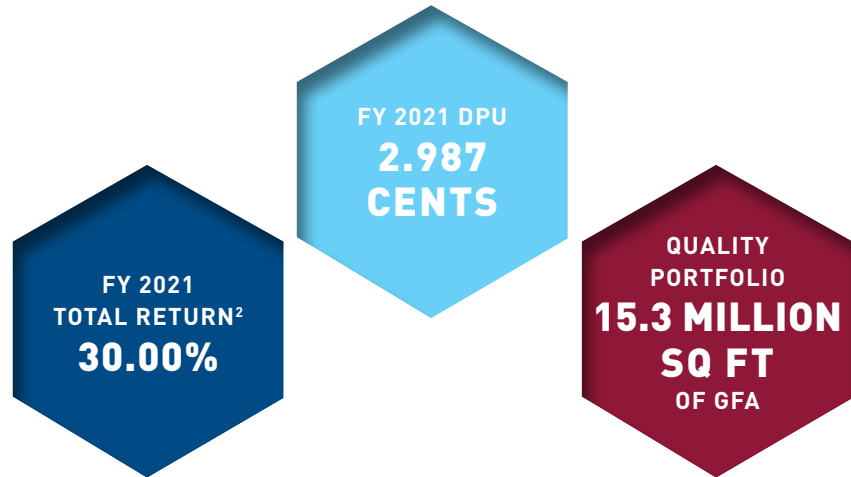


## DEAR UNITHOLDERS

While the prolonged effects of the COVID-19 pandemic presented many challenges for S-REITs and the broader property sector, ESR-REIT has benefitted from the paradigm shifts in the way people consume, produce and deliver goods. As the Singapore government took a stepped approach towards relaxing COVID-19 restrictions, the industrial property sector has gained from companies actively stockpiling goods, consumers increasing their reliance on e-commerce, and industrialists' changing priorities which could shape manufacturing trends and supply chain logistics going forward.

2021 was also a year of recovery for most companies around the world. Businesses sought to address weaknesses exposed by the pandemic and improve their resilience through structural changes in their supply-chain footprint. From regionalising their supply chain to moving production closer to end markets, many companies have chosen Singapore as the hub for their Southeast Asian market. This has led to a robust demand for industrial space as seen in the continued rise in prices and rentals of industrial space in Singapore. In January 2022, JTC reported that rental and price indices of all industrial space has increased 2.0% and 4.4%, respectively, on a year-on-year basis, compared to the previous year.<sup>1</sup>

As a result, we achieved a 4.9% year-on-year increase in gross revenue to S\$241.3 million and net property income grew 5.5% to S\$173.3 million in FY 2021. Pandemic pressures aside, rental collection for FY 2021



remained healthy at 99.5% of total receivables. ESR-REIT delivered a strong operating performance in FY 2021 with the amount available for distribution up 15.4% to S\$114.4 million and distributions per unit ("DPU") was also up 6.7% to 2.987 cents. Against the backdrop of COVID-19 and continued disruptions caused by the pandemic, ESR-REIT rounded off FY 2021 on a positive note, delivering a total return<sup>2</sup> of 30.0% and a distribution yield of 6.2% (based on the closing unit price of S\$0.480 as at 31 December 2021).

### ESR-REIT REMAINS POISED FOR GROWTH

Portfolio growth in the New Economy<sup>3</sup> sector has been a core strategic focus over the recent years and ESR-REIT has made strong progress in securing growth opportunities in this sector. This has resulted in our logistics portfolio increasing by 142.4% since FY 2017 to \$848.3 million by valuation, including year-on-year growth of \$121.6 million or 16.7% in FY 2021. Similarly, our high-specs industrial portfolio increased by 29.4% since FY 2017 to \$590.4 million by valuation,

including year-on-year growth of \$7.1 million or 1.2% in FY 2021. Given the structural tailwinds from high-tech and supply chain transformation, growth in New Economy sectors in high-tenant demand locations will continue to be an ongoing focus for the REIT.

This year, ESR-REIT completed a strategic acquisition of 46A Tanjong Penjuru, a modern, fully committed and in-demand ramp-up logistics facility located within an established logistics cluster in the western region of Singapore for a purchase consideration of S\$119.6 million<sup>4</sup>. The REIT also completed its maiden overseas acquisition with a 10.0% interest in ESR Australia Logistics Partnership from its Sponsor, ESR Group, for a purchase consideration of A\$60.5 million (approximately S\$62.6 million<sup>5</sup>). Both additions will strengthen ESR-REIT's portfolio exposure to the logistics sector, positioning the REIT well as quality warehouse spaces are facing a supply crunch. These accretive acquisitions demonstrate our focus on transactions offering attractive,

1 Based on 4Q 2021 data from JTC.

2 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.

3 New Economy" refers to logistics / warehouses and high-specs industrial properties suitable for data centre operations, life sciences research and development, pharmaceutical production and high-value manufacturing activities.

4 The appraised property value comprises the consideration S\$112.0 million and upfront land premium paid to JTC for the balance of the first 30-year JTC lease term (S\$7.6 million).

5 Using an illustrative exchange rate of A\$1.000 : S\$1.0352.

## MESSAGE TO UNITHOLDERS

long-term and risk adjusted returns. We continue to enjoy access to our Sponsor, ESR Group's New Economy pipeline and leverage its capabilities to expand into countries where it has an established presence.

In October 2021, we also announced the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust ("ALOG") into a leading New Economy and Future-Ready APAC S-REIT to be named ESR-LOGOS REIT. The proposed merger is subject to the approval of both ESR-REIT and ALOG unitholders.

### CREATING VALUE IN A CHALLENGING YEAR

Despite the challenges, we have responded well to the pandemic-related uncertainties, maintaining a strong focus on building relationships with our tenants and customers to help them navigate successfully and safely through the pandemic. The healthy demand for industrial space has enabled ESR-REIT to deliver a stable occupancy of 92.0% with a weighted average lease expiry of 2.7 years. Although FY 2021 rental reversion recorded -1.7% primarily due to renewals of several large tenants in the business park segment, the other asset classes within ESR-REIT's diversified portfolio (comprising high-specs industrial, logistics / warehouse and general industrial sectors) registered positive rental reversions for the year.

As part of its continuing optimisation strategy to enhance income resilience, the Manager divested three non-core assets at a blended premium to fair value of 3% in FY 2021. Divestment proceeds were re-deployed towards debt repayment to fund asset enhancement initiatives and asset acquisitions. The divestments of 3C Toh Guan Road East (a 5-storey multi-tenanted warehouse), and 11 Serangoon North

Avenue 5 (a 6-storey multi-tenanted general industrial building), were completed on 30 November 2021 while 45 Changi South Avenue 2 (a general industrial building), was completed on 14 March 2022.

Asset rejuvenations are an important part of our strategy to grow and enhance ESR-REIT's income resilience. In FY 2021, we completed two asset enhancement initiatives ("AEI") at ESR BizPark @ Changi and 19 Tai Seng Avenue, unlocking value within our existing portfolio to bolster our recurring income.

- ESR BizPark @ Changi was revitalised with a fresh retail and F&B concept to augment its community vibe and attract more technology-oriented companies. The AEI of ESR BizPark @ Changi was completed in 1Q 2021 at a cost of S\$14.5 million.
- 19 Tai Seng Avenue was converted from a general industrial to a high-specs property to cater to a greater variety of high-tech tenants. The AEI was completed in 4Q 2021 at a cost of S\$7.65 million and is expected to deliver an estimated yield-on-cost of approximately 7% to 9% on a stabilised basis.

Current AEIs include the ongoing development of a multi-tenanted high-specifications building with a gross floor area of approximately 265,000 sqft suitable for advanced manufacturing, info-comm and data centre tenants at 7000 Ang Mo Kio Avenue 5 and the redevelopment of 16 Tai Seng Street to increase gross floor area and maximise plot ratio.

### PRUDENT CAPITAL MANAGEMENT

Our capital structure remains sound with an aggregate leverage of 40.0% as at 31 December 2021. ESR-REIT maintains a well-staggered debt maturity profile, with no more than

32.5% of debt expiring in each year. The weighted average debt expiry is currently 2.4 years as at 31 December 2021. To minimise the impact from the volatility of interest rate movements, 92.1% of borrowings are on fixed interest rates for a weighted average tenor of 2.0 years. Our capital management strategy is focused on strengthening our financial position and preserving unitholder value over the long-term. Our portfolio remains 100% unencumbered.

During the year, we completed several capital raisings to provide ESR-REIT with financial flexibility to pursue growth opportunities. Investors, recognising the strength of our business and operating capabilities, supported our strategy and decision making. We launched an equity fund raising exercise to raise gross proceeds of up to S\$150.0 million comprising a Private Placement and a non-renounceable Preferential Offering to partially finance the acquisition of 46A Tanjong Penjuru, partially fund the asset enhancement initiatives at 7000 Ang Mo Kio Avenue 5 and 16 Tai Seng Street, and partially repay existing debt which was drawn to fund the acquisition of 10.0% interest in ESR Australia Logistics Partnership. The Private Placement of S\$100.0 million was completed on 18 May 2021 at the issue price of S\$0.372 per new unit and was approximately 3.4 times covered while the Preferential Offering was 3.6 times subscribed with approximately 124.1 million new units issued, raising gross proceeds of around S\$49.6 million. Furthermore, in August 2021, we also successfully issued S\$125.0 million fixed rate notes due 2026 at 2.60% per annum, the lowest coupon for ESR-REIT. The notes were issued pursuant to the S\$750.0 million Multicurrency Debt Issuance Programme and were more than 2.2 times subscribed, underpinned by strong demand from institutional investors.

## COMMITMENT TO SUSTAINABILITY

Sustainability remains a key priority as we continue to explore opportunities and initiatives which will deliver long-term sustainable outcomes that are positive to our investors, tenants, partners and the communities in which our properties are located.

Across our portfolio, we have developed both environmental and green procurement policies for our portfolio and are committed to achieve green building certifications for all buildings that undergo AEI. In addition, we have in place the ESR-REIT Solar Harvesting Programme that seeks to install solar panels in some of our properties. ESR-REIT has completed its first submission in the 2021 real estate assessment by Global Real Estate Sustainability Benchmark (GRESB), a leading Environment, Social and Governance (ESG) performance benchmark for real estate and infrastructure companies globally. ESR-REIT was also ranked 14th position in the Singapore Governance and Transparency Index's (SGTI) REIT and Business Trust category for 2021, with an overall score of 89.6.

2021 saw us winning awards in areas of corporate governance and sustainability. ESR-REIT was awarded in the 'Titanium category' for the second consecutive year at the Benchmarking Awards of The Asset ESG Corporate Awards 2021, 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 'Highly Commended – Overall' award at the Sustainable Business Awards Singapore 2020/2021. We are spurred on to continue our

sustainability efforts in 2022 to make a positive impact on the environment, community and the planet.

## OUTLOOK

The Singapore economy is expected to expand by 3.0% to 5.0% in 2022.<sup>6</sup> While we expect demand for prime industrial space to continue into 2022, the continuous delay in the completion of industrial projects in 2021 in Singapore means that there is likely to be an oversupply of industrial space in 2022 and possibly 2023, potentially dampening future rental growth in that period. Other areas of concern which we are monitoring closely are utility costs which have increased significantly towards the end of 2021 due to higher fuel costs and volatility in global energy market prices. Rising inflation due to labour wages and increase material costs are also likely to negatively affect operational expenses. While ESR-REIT has fixed contracts in place that have helped mitigate these risks, the growing energy prices, including as a result of the conflict in Ukraine, and sustained inflation will affect the overall operational costs and our AEI programmes as these contracts gradually approach renewals.

ESR-REIT remains well-positioned with a strong capital structure, a quality portfolio, an experienced management team and sound business strategy to deliver sustainable long-term value for unitholders. While the pandemic is looking less likely to abate in the near term, we are cautiously optimistic about the outlook for FY 2022 following the gradual relaxation of border controls and safe management measures. We expect pandemic restrictions to further ease over the course of 2022. Although the path to recovery may be disrupted by possibly short term high energy prices, inflation woes and a high

interest rate environment, ESR-REIT's stabilised portfolio with contributions from the new acquisitions will enable us to cushion the impact, grow our business and recycle capital into high returning opportunities, as we cement our interest in quality New Economy assets with embedded income potential.

## ACKNOWLEDGEMENTS

On behalf of the Board and the Management team, we would like to express our sincere appreciation to our unitholders, tenants, business partners, the entire ESR-REIT team and our Sponsor, ESR Group, for their ongoing support. We will continue to focus on creating and delivering sustainable long-term value for our Unitholders.

Sincerely yours,

### Stefanie Yuen Thio

Independent Non-Executive  
Chairperson

### Adrian Chui

Chief Executive Officer and  
Executive Director

<sup>6</sup> Based on Economic Survey of Singapore 2021 released by MTI on 17 February 2022.

# YEAR IN BRIEF



## JANUARY

- Announced results for the financial year ended 31 December 2020: Core Distribution per Unit ("DPU") down 20.7% y-o-y to 2.800 cents due to COVID-19 pandemic



## MARCH

- Entry into S\$320.0 million unsecured loan facility agreement with United Overseas Bank Limited, Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad and The Hongkong and Shanghai Banking Corporation Limited
- Participated in The Edge REITs Investment Webinar as part of its retail investor outreach programme



## APRIL

- Participated in the Lianhe Zaobao Investment Webinar targeting Chinese-speaking investment community
- 12th Annual General Meeting held on 22 April 2021 and all resolutions were approved by Unitholders
- Announced interim update for the financial quarter ended 31 March 2021: Core DPU increased by 14.8% y-o-y to 0.800 cents for 1Q 2021
- Announced divestments of 3C Toh Guan Road East and 11 Serangoon Avenue 5 for S\$53.0 million at 5.0% premium to fair value



## MAY

- Announced proposed acquisition of 46A Tanjong Penjuru and 10.0% interest in ESR Australia Logistics Partnership ("EALP")
- Announced Asset Enhancement Initiatives for 7000 Ang Mo Kio Avenue 5 and 16 Tai Seng Street



7000 Ang Mo Kio Avenue 5 | High-Specs Industrial



16 Tai Seng Street | High-Specs Industrial

- Entry into A\$68.5 million unsecured loan facility agreement with RHB Bank Berhad
- Launch of Equity Fund Raising comprising a Private Placement and a Preferential Offering to raise gross proceeds of up to approximately S\$150.0 million
- Successfully raised S\$100.0 million via Private Placement which was 3.4 times covered, at the issue price of S\$0.372 per new Unit
- Completed maiden overseas acquisition of 10.0% interest in EALP
- Participated in the REITs Symposium 2021



## JUNE

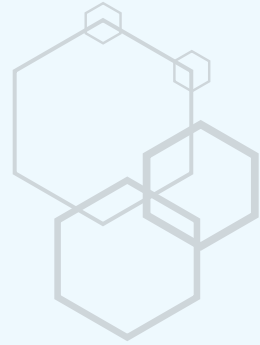
- Completed acquisition of 46A Tanjong Penjuru





## JULY

- Announced the following changes to the Board and Board Committee's composition with effect from 1 July 2021:
  - Appointment of Ms Stefanie Yuen Thio as Independent Non-Executive Chairperson
  - Re-designation of Mr Ooi Eng Peng as Non-Executive Director, Deputy Chairman
  - Appointment of Mr Ronald Lim as Chairman of the Nominating and Remuneration Committee
- Announced results for the financial period from 1 January 2021 to 30 June 2021: DPU grew 14.3% y-o-y to 1.554 cents for 1H 2021
- Extraordinary General Meeting held on 26 July 2021 and all resolutions were more than 97.4% approved by Unitholders
- Launched Preferential Offering to raise gross proceeds of approximately S\$50 million with full backstop from the Sponsor, ESR Group



## AUGUST

- Ranked 14 in the Singapore Governance and Transparency Index's (SGTI) REIT and Business Trust category for 2021, with an overall score of 89.6
- Successfully issued S\$125.0 million five-year fixed rate notes due 2026, which was 2.2 times subscribed at 2.60% per annum
- Successfully completed the Preferential Offering, which was 3.6 times subscribed, at the issue price of S\$0.400 per new Unit
- Announced divestment of 45 Changi South Avenue 2 for S\$11.1 million at 7.8% premium to fair value



45 Changi South Ave 2 | General Industrial



## OCTOBER

- Announced the Proposed Merger with ARA LOGOS Logistics Trust (ALOG) by way of a trust scheme of arrangement, subject to ESR-REIT and ALOG unitholders' approval
- Entered into a commitment letter with DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch, and Sumitomo Mitsui Banking Corporation Singapore Branch for the grant of new unsecured banking facilities of an aggregate of up to S\$835 million and A\$365 million in connection with the Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust
- Announced interim update for the financial quarter ended 30 September 2021: Core DPU increased 1.7% y-o-y to 0.712 cents for 3Q 2021



## NOVEMBER

- Completed divestments of 3C Toh Guan Road East and 11 Serangoon Avenue 5 for S\$53.0 million at 5.0% premium to fair value



## SEPTEMBER

- Participated in SGX-REITAS Education Series as part of its retail investor outreach programme
- Joined FTSE EPRA NAREIT Global Developed Index
- Participated in Investival 2021 organised by The Edge Singapore as part of its retail investor outreach programme

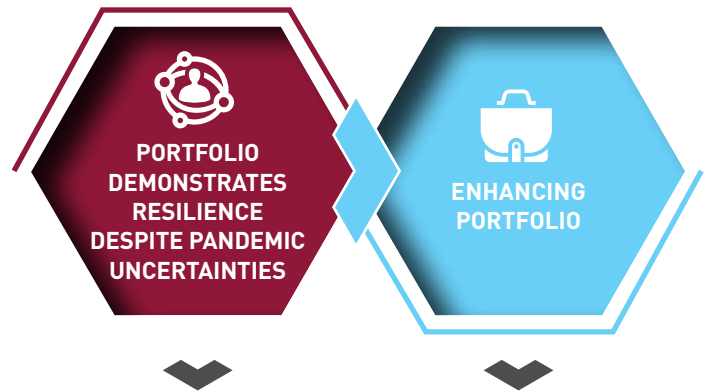


## DECEMBER

- Participated in a fireside chat organised by SIAS with ALOG
- Awarded in the 'Titanium Category' for the second consecutive year at the Benchmarking Awards of The Asset ESG Corporate Awards 2021
- Conferred in the 'Highly Commended - Overall' at the Sustainable Business Awards Singapore 2020/2021

# FY 2021

## KEY HIGHLIGHTS



Amount available for distribution to Unitholders increased  
**15.4%**  
TO S\$114.4 MILLION

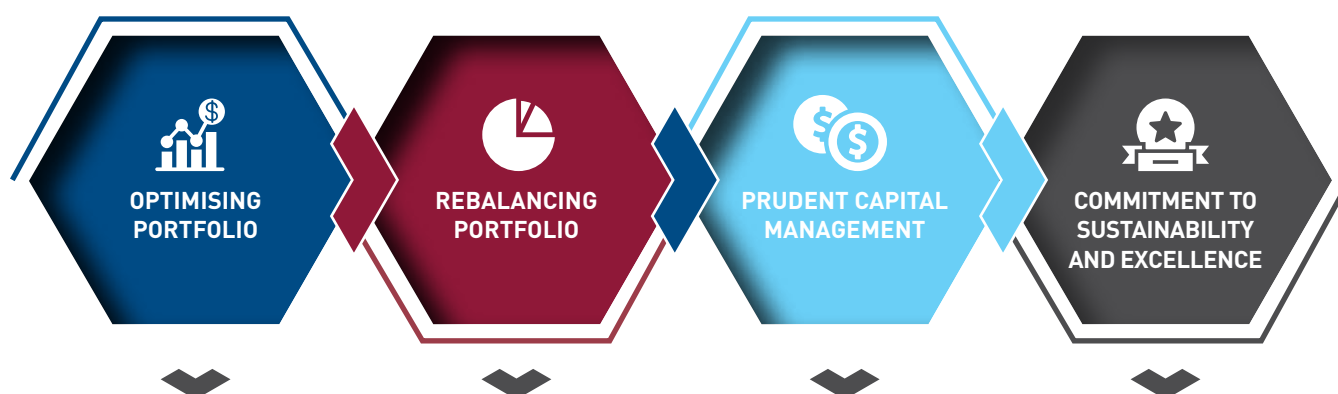
Distribution per Unit increased  
**6.7%**  
YEAR-ON-YEAR TO  
2.987 CENTS FOR FY  
2021

Inclusion in  
**FTSE EPRA Nareit  
Global Real Estate  
Index Series (Global  
Developed Index)**

**ACQUISITION OF  
46A  
TANJONG  
PENJURU**

**ACQUISITION OF  
10%**  
interest in ESR  
Australia Logistics  
Partnership





**Completed Asset Enhancement Initiatives Include:**

- ESR BizHub @ Changi, TOP obtained on 31 March 2021
- 19 Tai Seng Avenue, TOP obtained on 27 October 2021

**Ongoing Asset Enhancement Initiatives Include:**

- 7000 Ang Mo Kio Avenue 5

**Upcoming Asset Enhancement Initiatives Include:**

- 16 Tai Seng Street

**Completed Divestments Include:**

- 11 Serangoon North Avenue 5
- 3C Toh Guan Road East
- 45 Changi South Avenue 2<sup>1</sup>
- 28 Senoko Drive<sup>2</sup>

**PORTFOLIO REMAINS**  
**100.0%**  
 unencumbered

---

**92.1%**  
 of interest rate exposure fixed for 2.0 years in view of rising interest rate environment

---

Well supported by  
**11**  
**LENDING BANKS**

---

**S\$262.9**  
**MILLION**  
 of committed undrawn credit facilities

---

Debt headroom of  
**S\$632.3**  
**MILLION**

---

Total Equity Capital raised  
**S\$149.6**  
**MILLION**

**Environment**

- Obtained ISO14001:2015 on Environmental Management System certification
- Implemented Environmental Policy and Green Procurement Policy in FY 2021
- Secured green certifications for three properties

**Social**

- Supporting the fight against COVID-19 through ESR-REIT COVID-19 Care Initiative
- Investing in our Future Generation through fireside chats with real estate students

**Governance and Awards**

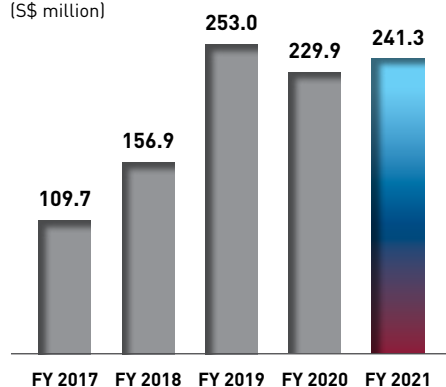
- Ranked 14th in Singapore Governance and Transparency index (improvement from 19th position)
- Conferred “Highly Commended, Overall” at the Sustainable Business Awards Singapore 2020/2021 by Global Initiatives
- Awarded in the Titanium category for two consecutive years at The Asset ESG Awards 2021 – Benchmarking Awards

1 The divestment of 45 Changi South Avenue 2 was completed on 14 March 2022.  
 2 The divestment of 28 Senoko Drive was completed on 14 January 2022 for S\$12.0 million.

## FIVE-YEAR FINANCIAL HIGHLIGHTS

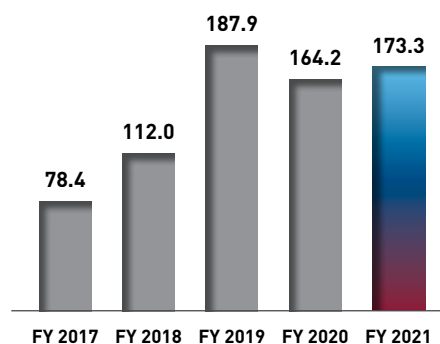
### Gross Revenue

(S\$ million)



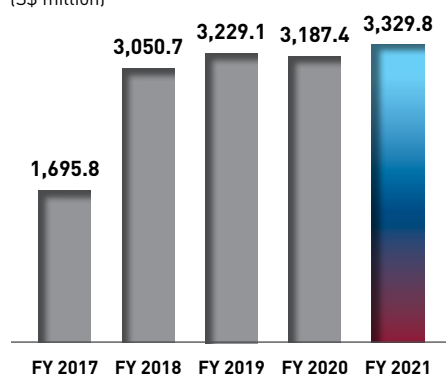
### Net Property Income

(S\$ million)



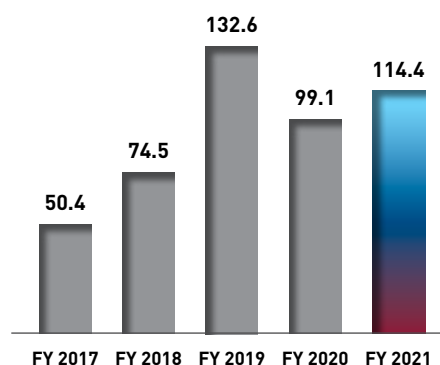
### Total Assets

(S\$ million)



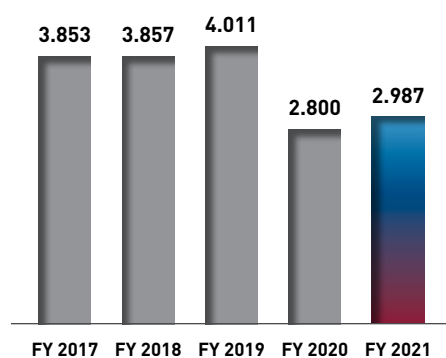
### Total Distribution to Unitholders

(S\$ million)



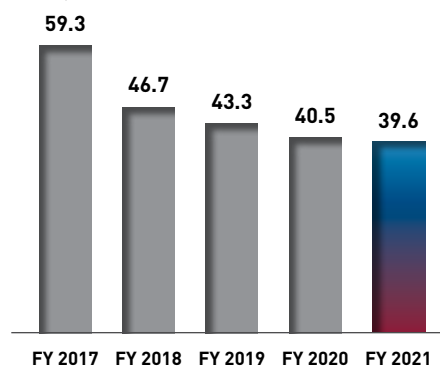
### DPU

(cents per unit)



### Net Asset Value

(cents per unit)





<b>Financial Position</b>	FY 2017	FY 2018	FY 2019	FY 2020	<b>FY 2021</b>
Total Assets (S\$ million)	1,695.8	3,050.7	3,229.1	3,187.4	<b>3,329.8</b>
Total Net Borrowings (S\$ million)	669.8	1,268.2	1,191.1	1,178.6	<b>1,190.9</b>
Unitholders' Funds (S\$ million)	778.9	1,479.7	1,508.6	1,447.0	<b>1,598.0</b>
<b>Key Financial Ratios</b>					
Debt to Total Assets (%) <sup>1</sup>	39.6	41.9	41.4	41.5	<b>40.0</b>
Weighted Average All-in Cost of Debt (p.a.) (%)	3.6	3.8	3.9	3.5	<b>3.3</b>
Interest Coverage Ratio (times) <sup>2</sup>	3.4	3.9	3.5	3.3	<b>3.9</b>
<b>Capital Management</b>					
Total Loan Facilities Available (S\$ million)	715.0	1,360.0	1,290.0	1,305.0	<b>1,462.4</b>
Gross Borrowings (S\$ million)	672.0	1,277.6	1,200.0	1,186.0	<b>1,199.5</b>
Perpetual Securities Issued (S\$ million)	150.0	150.0	150.0	150.0	<b>150.0</b>
Units in Issue (million)	1,313.6	3,170.2	3,487.3	3,576.4	<b>4,030.3</b>
Market Capitalisation (S\$ million) <sup>3</sup>	742.2	1,616.8	1,848.3	1,412.7	<b>1,934.5</b>
<b>Trading Statistics for Financial Year</b>					
Opening Price (S\$)	0.540	0.565	0.505	0.535	<b>0.405</b>
Highest Price (S\$)	0.615	0.595	0.565	0.560	<b>0.510</b>
Lowest Price (S\$)	0.535	0.470	0.500	0.240	<b>0.375</b>
Closing Price (S\$)	0.565	0.510	0.530	0.395	<b>0.480</b>
Volume Weighted Average Price (S\$)	0.571	0.525	0.530	0.3718	<b>0.446</b>
Total Volume Traded (million Units)	320.0	490.4	1,520.1	3,588.4	<b>2,461.1</b>
Average Volume per Day (million Units)	1.3	2.0	6.1	14.4	<b>9.8</b>
<b>Total Return (%)<sup>4</sup></b>	11.85	-2.75	12.06	-19.81	<b>30.00</b>

## Notes:

- 1 Includes ESR-REIT's 49.0% share of the borrowings and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 Leases.
- 2 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.
- 3 Computed based on closing price and Units in issue at the end of the financial year.
- 4 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.

## UNIT PRICE PERFORMANCE

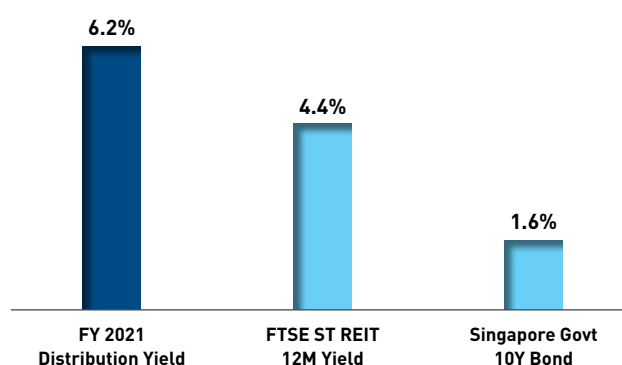
### TRADING PERFORMANCE IN FY 2021

Global stock markets turned in a solid performance in FY 2021 despite multiple resurgence of COVID-19 bouts and inflationary woes. Similarly, Singapore's GDP saw an uptick of 7.2% in 2021, higher than full-year official estimates and marking a strong rebound from 2020's full-year contraction of 5.4%. According to the Ministry of Trade and Industry ("MTI"), Singapore's GDP level is expected to return to pre-pandemic levels with a full year forecast of 3% to 5% growth.<sup>1</sup>

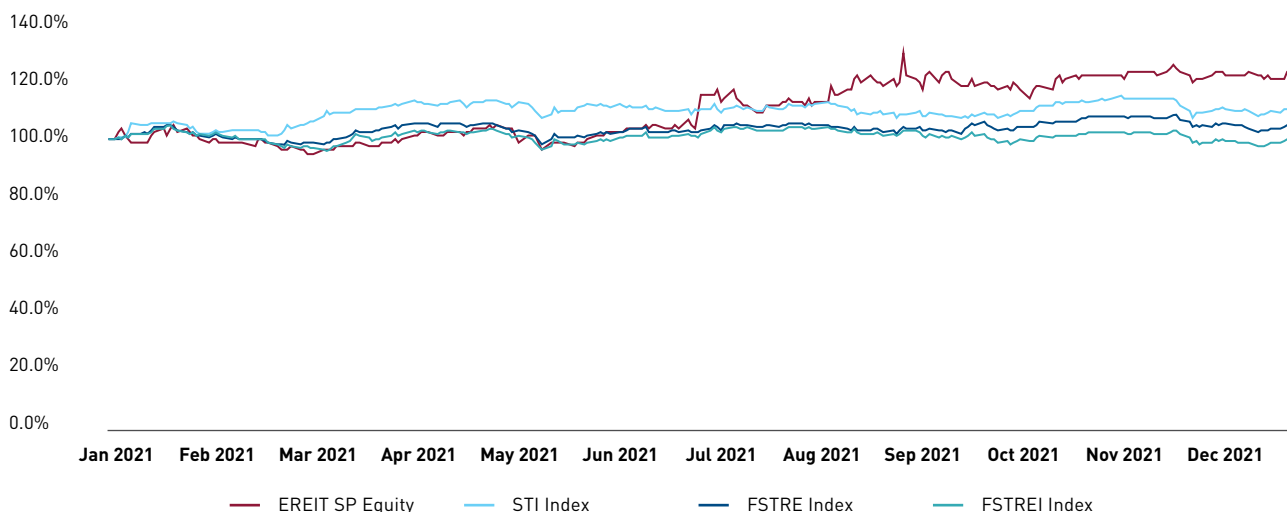
Encouraged by strong market performance, ESR-REIT's closing unit price was S\$0.480 as at 31 December 2021, an increase of 21.5% from S\$0.395 as at 31 December 2020. The volume weighted average price as at 31 December 2021 was S\$0.446, an increase of 19.9% from S\$0.372 as at 31 December 2020. ESR-REIT's market capitalisation was approximately S\$1.93 billion as at 31 December 2021. Approximately 2.5 billion ESR-REIT units were traded in FY 2021 with the average daily trading volume for FY 2021 at approximately 9.8 million units.

Distribution per Unit ("DPU") for FY 2021 was 2.987 cents, translating to a distribution yield of 6.2% based on the closing unit price of S\$0.480 as at 31 December 2021.

### Attractive Yield (%) (As at 31 December 2021)



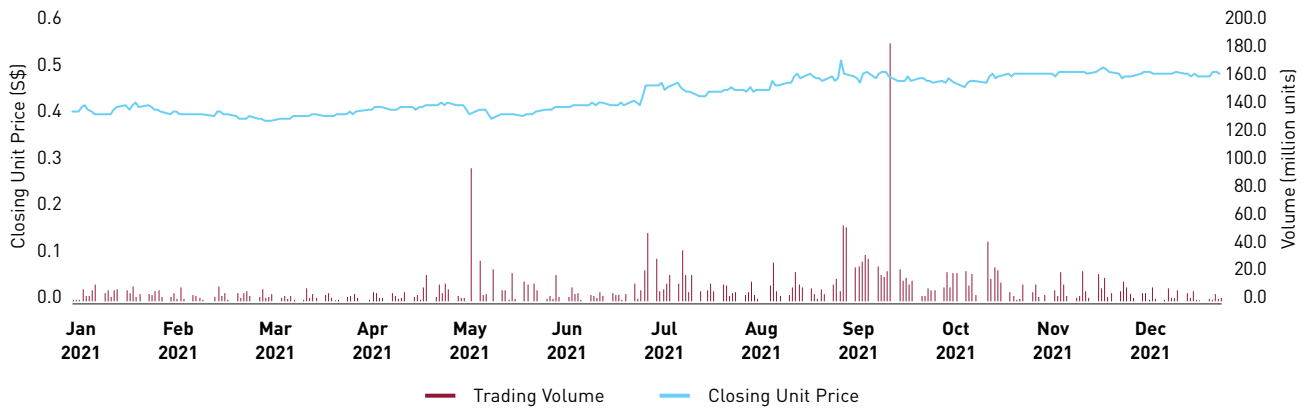
### Comparative Trading Performance in FY 2021



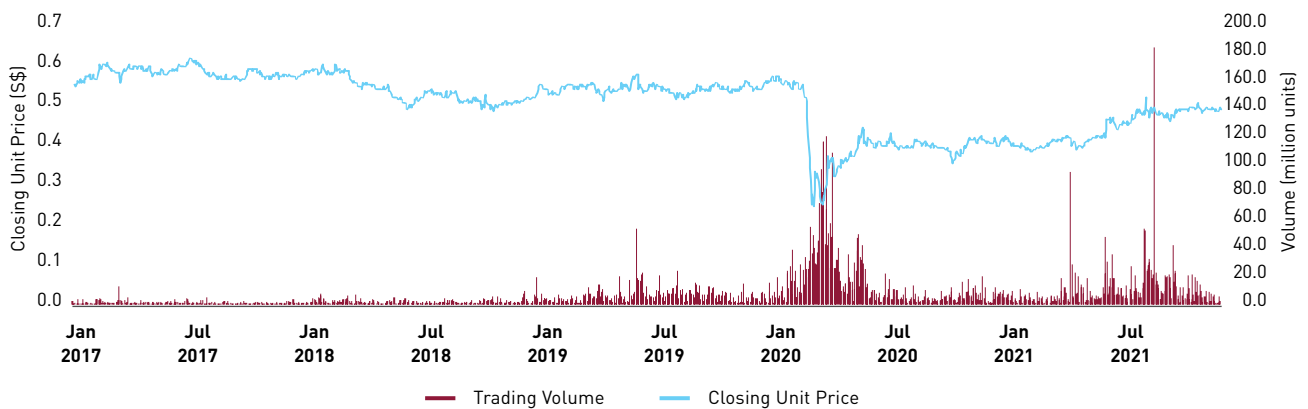
	2021	2020	2019	2018	2017
Opening (S\$)	0.405	0.535	0.505	0.570	0.540
Closing (S\$)	0.480	0.395	0.530	0.510	0.565
Highest (S\$)	0.510	0.560	0.565	0.590	0.615
Lowest (S\$)	0.375	0.240	0.500	0.475	0.535
Volume Weighted Average Price (S\$)	0.446	0.372	0.530	0.524	0.570
Total Trading Volume (million units)	2,461.1	3,588.4	1520.1	490.4	320.0
Average Daily Trading Volume (million units)	9.8	14.5	6.1	2.0	1.3

<sup>1</sup> Based on Economic Survey of Singapore 2021 released by MTI on 17 February 2022.

Monthly Trading Performance in FY 2021



5-Year Trading Performance



Constituent of Key Indices (weightage in descending order)

- Solactive Singapore REITs Quality Yield Index
- BI Singapore Real Estate Owners and Developers Valuation Peers
- iEdge S-REIT Index
- iEdge S-REIT Leaders SGD Index (Price Return)
- iEdge SG Real Estate Index
- iEdge S-REIT 20 Index
- Bloomberg Asia Real Estate Investment Trust Index
- Bloomberg Singapore Large, Mid & Small Cap Price Return Index
- iEdge SG ESG Transparency Index
- WisdomTree Global ex-US Real Estate Index
- iEdge SG ESG Transparency Index (Total Return)
- EPRA NAREIT Asia Total Return Index USD
- FTSE ASEAN All-Share Index
- Bloomberg Dev Mkt Real Estate Large, Mid & Small Cap Price Return Index
- Solactive GBS Developed Markets Real Estate CAD Index CA NTR
- FTSE EPRA Nareit Global REITs TR Index
- FTSE EPRA Nareit Developed 100% Hedged to USD Total Return Index
- Bloomberg World Real Estate Large, Mid & Small Cap Price Return Index
- FTSE EPRA Nareit Developed Rental Index UnHedged in AUD Net
- MSCI ACWI Value Small USD Index
- Vanguard FTSE Pacific ETF INAV
- Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index NTR
- Bloomberg APAC Developed Markets Large, Mid & Small Cap Price Return Index
- FTSE Developed Asia Pacific All Cap Net Tax (US RIC) Index
- Bloomberg APAC ex Japan Large, Mid & Small Cap Price Return Index
- Bloomberg Asia Large, Mid & Small Cap Price Return Index
- Bloomberg Developed Markets Mid & Small Cap Price Return Index USD
- MSCI World ex USA IMI (VRS Taxes) Net Return USD Index
- FTSE Developed ex US All Cap Net Tax (US RIC) Index
- Bloomberg World ex North America Large, Mid & Small Cap Price Return Index
- Bloomberg World ex US Large, Mid & Small Cap Price Return Index
- Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index
- Solactive GBS Global Markets All Cap EUR Index NTR
- Bloomberg World Large, Mid & Small Cap Price Return Index

# BOARD OF DIRECTORS



**1**  
**Stefanie Yuen Thio**  
Independent Non-Executive Chairperson



**2**  
**Ooi Eng Peng**  
Non-Executive Director, Deputy Chairman



**3**  
**Khor Un-Hun**  
Independent Non-Executive Director



**4**  
**Leong Horn Kee**  
Independent Non-Executive Director



**5**  
**Ronald Lim**  
Independent Non-Executive Director



**6**  
**Wilson Ang**  
Non-Executive Director



**7**  
**Philip Pearce**  
Non-Executive Director



**8**  
**Jeffrey Perlman**  
Non-Executive Director



**9**  
**Tong Jinquan**  
Non-Executive Director



**10**  
**Adrian Chui**  
Chief Executive Officer and Executive Director

1

## MS STEFANIE YUEN THIO

52

Independent Non-Executive Chairperson

Date of first appointment as Director: **29 March 2019**  
 Date of appointment as Chairperson: **1 July 2021**  
 Length of service as a director (as at 28 February 2022):  
**2 years 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. Ms Yuen Thio 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/CHAIRPERSONSHIPS<sup>1</sup>:

#### 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<sup>2</sup>

- TSMP Law Corporation

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS:

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

2

## MR OOI ENG PENG

65

Non-Executive Director, Deputy Chairman

Date of first appointment as Director:  
**27 July 2012**  
 Length of service as a director (as at 28 February 2022):  
**9 years 7 months**

### BOARD COMMITTEES SERVED ON:

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

### DESCRIPTION:

Mr Ooi has over 34 years of real estate experience in property investment, development, project management and fund investment, and management businesses in both Asia and Australia. Mr Ooi was previously the CEO of Lend Lease Asia, based in Singapore from 2010 to 2011. From 2006 to 2010, he was the CEO of Investment Management and Retail Asia for Lend Lease based in Singapore. Prior to his roles in Asia, he was regional 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/CHAIRPERSONSHIPS<sup>1</sup>:

#### Listed Companies

- Cromwell EREIT Management Pte. Ltd., in its capacity as manager of Cromwell European Real Estate Investment Trust
- Cromwell Corporation Limited
- Cromwell Property Securities Limited

#### Principal Commitments<sup>2</sup>

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

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>1</sup>:

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

1 Present (as at 31 December 2021) and past directorships/chairpersonships in listed companies held over the preceding three years (from 1 January 2019 to 31 December 2021).

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

### MR KHOR UN-HUN

52

Independent Non-Executive Director

Date of first appointment as Director:

**6 June 2020**

Length of service as a director (as at 28 February 2022):

**1 year 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/CHAIRPERSONSHIPS<sup>1</sup>:

##### Listed Companies

Nil

##### Principal Commitments

Nil

#### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS:

Nil

4

### DR LEONG HORN KEE

69

Independent Non-Executive Director

Date of first appointment as Director:

**8 January 2019**

Length of service as a director (as at 28 February 2022):

**3 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 and the Non-Resident High Commissioner to Cyprus from July 2014 to July 2021. He is currently the Non-Resident Ambassador to Argentina since September 2020.

#### 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/CHAIRPERSONSHIPS<sup>1</sup>:

##### Listed Companies

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

##### Principal Commitments<sup>2</sup>

- CapitalCorp Ventures Pte Ltd

##### Major Appointment (other than Directorship)

- Singapore Ambassador to Argentina

#### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>1</sup>:

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

1 Present (as at 31 December 2021) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2019 to 31 December 2021).

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

## MR RONALD LIM

75

Independent Non-Executive Director

Date of first appointment as Director:

**8 January 2019**

Length of service as a director (as at 28 February 2022):

**3 year 1 month**

### BOARD COMMITTEES SERVED ON:

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

### DESCRIPTION:

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

### ACADEMIC & PROFESSIONAL QUALIFICATIONS:

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

### PRESENT DIRECTORSHIPS/CHAIRPERSONSHIPS<sup>1</sup>:

#### Listed Companies

- Hiap Hoe Limited

#### Principal Commitments<sup>2</sup>

- The HEAD Foundation Limited

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS:

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

6

## MR WILSON ANG

56

Non-Executive Director

Date of first appointment as Director:

**8 January 2019**

Length of service as a director (as at 28 February 2022):

**3 years 1 month**

### BOARD COMMITTEES SERVED ON:

Nil

### DESCRIPTION:

Mr Ang has extensive experience in real estate investment trust management, industrial property investment and consultancy services. He was appointed as the Group CEO of OT Group Pte Ltd responsible for steering the growth and strategic direction of the group of companies with businesses spanning across real estate agency, advisory and valuation from November 2019 to July 2021. He is currently the CEO and Executive Director of Raffles Financial Asset Management Pte. Ltd. since August 2021. He co-founded 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/CHAIRPERSONSHIPS:

#### Listed Companies

Nil

#### Principal Commitments<sup>2</sup>

- Raffles Financial Asset Management Pte. Ltd.
- Resilience Capital Pte Ltd

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>1</sup>:

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

1 Present (as at 31 December 2021) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2019 to 31 December 2021).

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

54

Non-Executive Director

Date of first appointment as Director:

**5 April 2017**

Length of service as a director (as at 28 February 2022):

**4 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 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 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/CHAIRPERSONSHIPS<sup>1</sup>:

##### Listed Companies

Nil

##### Principal Commitments

- ESR Real Estate (Australia) Pty Ltd

#### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>2</sup>:

- Propertylink Group which was listed until 26 April 2019

8

### MR JEFFREY PERLMAN

38

Non-Executive Director

Date of first appointment as Director:

**18 January 2017**

Length of service as a director (as at 28 February 2022):

**5 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/CHAIRPERSONSHIPS<sup>1</sup>:

##### Listed Companies

- ESR Cayman Limited
- Circles Asia Cayman Limited

##### Other Principal Commitments<sup>2</sup>

- 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/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>1</sup>:

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

1 Present (as at 31 December 2021) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2019 to 31 December 2021).

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

66

Non-Executive Director

Date of first appointment as Director:

**8 January 2019**

Length of service as a director (as at 28 February 2022):

**3 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/CHAIRPERSONSHIPS<sup>1</sup>:

#### Listed Companies

Nil

#### Principal Commitments<sup>2</sup>

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

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS<sup>1</sup>:

- Viva Industrial Trust Management Pte. Ltd. (Manager of Viva Trust)
- IREIT Global Group Pte. Ltd. (Manager of IREIT Global)
- New Century Asset Management Limited (Manager of New Century Real Estate Investment Trust)

10

## MR ADRIAN CHUI

46

Chief Executive Officer and Executive Director

Date of first appointment as Director:

**24 March 2017**

Length of service as a director (as at 28 February 2022):

**4 years 11 months**

### BOARD COMMITTEES SERVED ON:

Executive Committee (Member)

### DESCRIPTION:

Mr Chui has more than 20 years of extensive real estate experience, particularly in the REIT sector, across property investments and divestments, funds management and structuring, capital markets, acquisition financing, mergers and acquisitions, and property research. Prior to joining the Manager, Mr Chui was responsible for the Southeast Asia real estate business at Standard Chartered Bank. His experience in the REITs and Business Trusts market includes structuring cross border property investments and fund raising for REITs as well as property research. He was formerly with Morgan Stanley Asia (Singapore) Securities Pte Ltd, where he was the lead property research analyst responsible for Singapore listed REITs and property companies. He has also held management roles with CapitaCommercial Trust Management Limited and was part of the pioneer management team at Ascendas Funds Management (S) Limited.

### ACADEMIC & PROFESSIONAL QUALIFICATIONS:

- Bachelor of Business, Nanyang Technological University, Singapore

### PRESENT DIRECTORSHIPS/CHAIRPERSONSHIPS<sup>1</sup>:

#### Listed Companies

Nil

#### Principal Commitments<sup>2</sup>

- 7000 AMK LLP
- PTC Logistics Hub LLP

### PAST DIRECTORSHIPS/CHAIRPERSONSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS:

Nil

1 Present (as at 31 December 2021) and past directorships/chairmanships in listed companies held over the preceding three years (from 1 January 2019 to 31 December 2021).

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.

# MANAGEMENT TEAM



1

**Adrian Chui**

Chief Executive Officer and Executive Director



2

**Lawrence Chan**

Chief Financial Officer



3

**Charlene-Jayne Chang**

Head of Capital Markets and Investor Relations



4

**Nancy Tan**

Head of Real Estate



5

**Loy York Ying**

Head of Compliance and Risk Management



6

**Irene Phua**

Head of Human Resources and Corporate Services



7

**Steven Leow**

Head of Property Services

1

## MR ADRIAN CHUI Chief Executive Officer and Executive Director

Mr Chui has more than 20 years of extensive real estate experience, particularly in the REIT sector, across property investments and divestments, funds management and structuring, capital markets, acquisition financing, mergers and acquisitions, and property research. Prior to joining the Manager, Mr Chui was responsible for the Southeast Asia real estate business at Standard Chartered Bank. His experience in the REITs and Business Trusts market includes structuring cross border property investments and fund raising for REITs as well as property research. He was formerly with Morgan Stanley Asia (Singapore) Securities Pte Ltd, where he was the lead property research analyst responsible for Singapore listed REITs and property companies. He has also held management roles with CapitaCommercial Trust Management Limited and was part of the pioneer management team at Ascendas Funds Management (S) Limited.

2

## 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 23 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 17 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 21 years of experience providing human capital insight to management, developing talent to enhance skills and productivity as well as cultivating leaders for business continuity. Prior to joining 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 28 years of experience in estate and asset management.

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

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

## PROPERTY MANAGEMENT TEAM



**Steven Leow**  
Head of Property Services



**Ong Lay Peng**  
Vice President



**Edwin Ho**  
Assistant Vice President



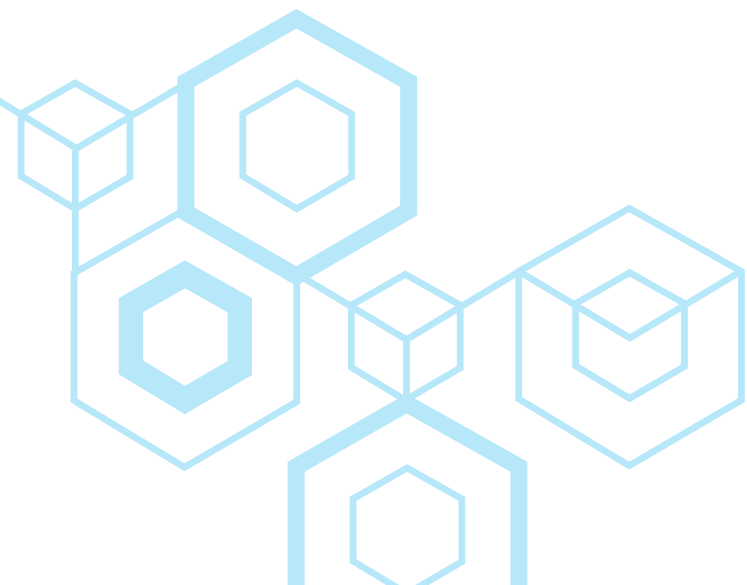
**Pang Ai Kim**  
Senior Property Manager



**Jason Teng**  
Senior Property Manager



**Koh Tiong Ann**  
Property Manager



**PROPERTY MANAGER**

With partnership at the heart of its approach, ESR-REIT’s property manager, ESR Property Management (S) Pte. Ltd (“ESRPM”) works closely with its tenants and customers to unlock value, provide property management service and help businesses and communities thrive. Comprising an experienced team of professionals, ESRPM is responsible for providing 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 with.



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.

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.

The Project Management team works closely with external professionals to manage redevelopment projects 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.

# VALUE CREATION

ESR-REIT harnesses its competitive strengths to build a resilient and balanced portfolio of quality assets aligned with market trends and demands to deliver value to its key stakeholders.

## OUR COMPETITIVE STRENGTHS



### Resilient and Balanced Portfolio

A balanced portfolio with 56 quality income-producing industrial properties valued at S\$3.2 billion<sup>1</sup> 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 358 clients creates a tenant network that reduces overall exposure to any one particular sector.



### Prudent and Balanced Capital and Risk Management

ESR-REIT has a stable and secured 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.



### Active 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 Group, APAC's largest real asset manager and the third largest listed real estate investment manager globally with over US\$140 billion in gross assets under management.



### 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

### Active Acquisition and Development Growth

- 1 Yield-accretive, scalable and value-enhancing acquisition opportunities in Singapore
- 2 Potential pipeline of assets from the Sponsor, ESR Group
- 3 Exploring opportunities to participate in development projects, either individually or in joint ventures with the Sponsor
- 4 Divest non-core assets and redeploy capital to acquire / develop higher value-adding properties

### ESR-REIT'S THREE-PRONGED STRATEGY FOCUSES ON OPTIMISING UNITHOLDER RETURNS WHILE MITIGATING RISKS



### Achieving Organic Growth

- 1 Focus on asset enhancements to deliver value and attract high value tenants
- 2 Proactive asset management to maximise returns
- 3 Enhance tenant quality and base by leveraging on Sponsor's capabilities and networks

## OUR ASSETS



### Business Parks

**Asset Type:** Business Parks which 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, research and development (R&D), call and service centre and back-end office function.

Read more on pages 82 to 83



### 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 84 to 85



### 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 86 to 87

<sup>1</sup> 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 ACHIEVEMENTS IN 2021** ▶

**Exercising Prudent Capital Management**

- 1 Maintain a well-staggered debt maturity profile and long-term debt to total assets target range of 30 to 40% to mitigate financial and liquidity risk, with short-term limit of up to 45%
- 2 Exercise prudent capital and risk management
- 3 Diversify funding sources into alternative pools of capital
- 4 Broaden and strengthen banking relationships



**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 engaged in general manufacturing activities.

▶ Read more on pages 88 to 91

**Operational Highlights**

- Acquisition of 46A Tanjong Penjuru, a modern ramp-up logistics facility in Singapore
- Acquisition of 10.0% interest in ESR Australia Logistics Partnership, providing access to freehold assets
- Announced the divestment of three non-core properties at above valuation – 11 Serangoon North Avenue 5, 3C Toh Guan Road East and 45 Changi South Avenue 2 for S\$64.1 million
- Asset enhancement works at UE BizHub EAST completed in 1Q 2021, renamed as ESR BizPark @ Changi
- Asset enhancement works at 19 Tai Seng Avenue completed in 4Q 2021
- Commencement of asset enhancement works at 7000 Ang Mo Kio Avenue 5, expected to be completed in 3Q 2023

*Read more on pages 45 to 53*

**Financial Highlights**

- Amount available for distribution for FY 2021 increased 15.4% year-on-year to S\$114.4 million
- Distribution per Unit for FY 2021 increased 6.7% year-on-year to 2.987 cents

*Read more on pages 54 to 57*

**Investor Engagement**

- Included in FTSE EPRA NAREIT Global Real Estate Index Series (Global Developed Index), enhancing trading liquidity and visibility to investors worldwide

*Read more on pages 40 to 44*

**Capital Management**

- Entered into a S\$320 million unsecured loan facility consisting of a S\$160 million term loan facility and a S\$160 million revolving loan facility with UOB, Maybank, RHB and HSBC
- Entered into a A\$68.5 million unsecured loan facility with RHB
- Successfully issued S\$125.0 million five-year senior notes due 2026 in August 2021, priced at a benchmark 2.60% coupon
- Completed a S\$149.6 million equity fundraising (comprising S\$49.6 million Preferential Offering and S\$100.0 million Private Placement) that was ~3.5x covered, with strong participation from new and existing investors
- Entered into commitment letter for S\$835 million and A\$365 million unsecured loan facilities with a club of banks in connection with the Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust

*Read more on pages 58 to 59*

**Sustainability**

- Attained GRESB Real Estate Benchmark in inaugural participation
- Awarded in the "Titanium Category" for the second consecutive year at the Benchmarking Awards of The Asset ESG Awards 2021
- Enhanced standing in the REIT and Business Trust category of the Singapore Governance and Transparency Index from 19th in 2020 to 14<sup>th</sup> in 2021
- Conferred 'Highly Commended – Overall' at the Sustainable Business Awards Singapore 2020/2021

*Read more on pages 119 to 150*

◀ **OUR PRIORITIES FOR 2022** ▶

- |  |  |
|--|--|
| <p><b>1</b> Source for income-producing quality assets locally and regionally with growth consistently supported by the Sponsor</p> <p><b>2</b> Strengthen collaborations with strategic partners to capture growth opportunities in the region</p> <p><b>3</b> Continue to streamline portfolio to divest non-core assets and redirect proceeds to fund future acquisitions and improve portfolio returns</p> <p><b>4</b> Carry out selective asset enhancement and improvements to capitalise on changing tenant demands and leveraging the Manager's AEI capabilities and optimise the value of the portfolio</p> | <p><b>5</b> Maintain high retention rate and build relationships with our tenants</p> <p><b>6</b> Broadening of banking relationships and alternative pools of capital</p> <p><b>7</b> Proactive marketing and leasing of space to maintain a healthy portfolio occupancy rate</p> <p><b>8</b> Committed to achieving our sustainability targets and to provide more robust sustainability tracking and reporting data</p> |
|--|--|

# KEY TRENDS UNDERPINNING OUR STRATEGY

A key consideration in formulating our strategy is the impact of megatrends that continue to have meaningful impact on how people work, live and play and the spaces industrialists need in order to thrive. Emerging trends provide opportunities and challenges for ESR-REIT in creating long term value. The key trends and opportunities currently shaping our strategy and business activities are set out below.



## CHANGING CONSUMER BEHAVIOUR

E-commerce has increased exponentially as consumers were made to shop online. The growth in online sales as compared to pre-pandemic levels has caused some businesses to reassess their footprint and format for sustainability.

The shift to online platforms underpinned space requirements for big box distribution centres and last mile delivery hubs located close to consumers. There has also been an increase in physical space required to operate digital services such as data processing and cloud storage, which have stemmed from retailers, supermarkets, and transport and logistics operators, among others, who have benefited from rising online sales.

### Opportunities for Growth

E-commerce continues to be the backbone of a large proportion of tenant demand.

Broadening demand from e-commerce and third-party logistics sectors has supported an increase in take-up activity in warehouse space, with demand spilling over into general industrial properties as industrialists continue stockpiling to maintain their inventory.

Demand for data centres will continue to expand and provide ample opportunities for ESR-REIT to delve into the digital space as Singapore lifts the 2019 moratorium on new data centre projects.



## EVOLVING NEEDS OF INDUSTRIALISTS

For many industrial space occupiers, going 'glocal' is the only way to overcome supply chain pressures. Industrialists are increasingly building resilience into their production lines by regionalising their business operations. Multinational companies are also transitioning from 'just-in-time' manufacturing to 'just-in-case' manufacturing to shore up inventory in preparation for business disruptions.

This creates demand for logistics space to fulfil warehousing needs and high-specs facilities to form a global network of advanced manufacturing hubs.

### Opportunities for Growth

ESR-REIT consistently ensures its real estate portfolio is diversified into sectors that will benefit significantly from the growing demand for logistics and high-specs space.

We will continue to pursue value-accretive acquisitions and asset enhancement initiatives to enhance our portfolio offering to attract high value industrialists. To achieve this, we acquired 46A Tanjong Penjuru (a modern ramp-up logistics facility) to boost the number of in-demand ramp-up warehouses within our portfolio. We also completed the conversion of 19 Tai Seng Avenue (a general industrial property) to a high-specs facility.





## MANAGING ECONOMIC UNCERTAINTIES

The COVID-19 pandemic has highlighted the importance of focusing on long-term risks and being prepared for disruption that can happen anywhere and at any time.

In addition to the uncertainties of the ongoing pandemic, companies are also coping with macroeconomic risks such as global trade tensions between China and US, ongoing Ukraine-Russian conflict, growing inflationary pressures and interest rate hikes.

### 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 consistently engage them well ahead of expiries to manage vacancy risks.

Diversifying our sources of capital and strengthening our capital structure have also allowed us to better manage our risks. Active steps have been taken to guard against interest rate volatility, resulting in close to 92.1% of the REIT's interest rate exposure fixed with a weighted average fixed debt expiry of 2.0 years. Thus, we are able to maintain financial flexibility to optimise investment opportunities as and when they arise and leverage opportunities to further create value for our investors.



## MANUFACTURING 2030

In January 2021, the Government announced the 10-year "Manufacturing 2030" plan to grow Singapore's manufacturing sector by 50% of its current value.<sup>1</sup> The Government will continue to invest in the manufacturing ecosystem, build research capabilities, and promote Industry 4.0 adoption.

Singapore's status as an advanced manufacturing hub will enable industrialists to benefit from the available 5G networks to boost productivity levels using IoT technology and predictive analytics.

### Opportunities for Growth

With enterprise and consumer demand for smart factories and technology, ESR-REIT's portfolio comprises eight high-specs properties with specifications that will allow industrialists to digitise their processes seamlessly.



## SUSTAINABILITY AND CLIMATE CHANGE

Environmental, social and governance ("ESG") issues have come to fore in recent years. Companies are incorporating sustainable practices in their businesses, directing investments in clean technology and infrastructure as they pivot towards a sustainable future.

With regulators and stakeholders requiring corporations to increase their social and environmental responsibility, as well as an increased demand for better governance and sustainability reporting, ESG is no longer a "nice to have" option but an integral part of our business strategy.

### Opportunities for Growth

ESR-REIT has refined its existing sustainability targets to include a solar energy generation target, in line with the Sponsor's five-year sustainability plan.

To provide enhanced governance, the REIT is implementing a newly developed Environmental Policy as well as a Green Procurement Policy. The REIT has also conducted a risk assessment as part of the MAS Environmental Risk Management framework and has identified gaps for improvement and alignment with the Task Force on Climate-Related Financial Disclosures recommendations.

<sup>1</sup> 'Singapore seeking frontier firms for 'Manufacturing 2030' issued by Economic Development Board on 2 February 2021.

## INVESTOR ENGAGEMENT

ESR-REIT maintains and develops constant dialogue and communication with its existing and potential investors, analysts, media and other stakeholders (collectively, the “Investment Community”), responding to their questions and providing them with timely, transparent and accurate information on its business strategy, operational and financial performance.

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. The investment community enjoys regular access to the senior management team through one-on-one meetings, presentations, property tours, conferences, investor roadshows, conference calls and webcasts.

### 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 for stakeholders 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 take place in an informed market.



#### CLARITY

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

### 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.

The IR website is the primary source of corporate information, financial data, distribution information and significant business developments for the investment community. ESR-REIT releases its financial results on a half-yearly basis and provides business updates in the interim quarters (1Q and 3Q) no later than 30 days from the end of each quarter. Financial results and material information are made available on the IR website immediately upon release to the SGXNET to ensure timely disclosure of information.

The investment community can reach the IRCC team directly through email or the IR hotline provided below and on the corporate website.

In addition to these channels, ESR-REIT uses social media to communicate to the public. The REIT encourages investors, the media and others interested in ESR-REIT to review the information posted on the social media channels listed on the IR 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 taking the new 2018 Code of Corporate Governance and similar benchmarks into account.

In view of the ongoing COVID-19 pandemic, the Manager also participated in a number of virtual conferences which were attended by local and global investors. These conferences and roadshows enabled access to potential new investors and assisted the strengthening of existing relationships with long term investors.

## Analysts 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 Maybank Securities in FY 2021, bringing ESR-REIT's total analyst coverage to 10.

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
	Eing Kar Mei	karmeie.ing@cgs-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@dbbs.com.sg
	Dale Lai	dalelai@dbbs.com
Maybank	Chua Su Tye	chuasutye@maybank.com
Morningstar / BNP Paribas	Xinfu Lee	Xinfu.Lee@morningstar.com
OCBC	Chu Peng	chupeng@ocbc.com
RHB	Vijay Natarajan	Vijay.natarajan@rhhgroup.com
SCCM	Simeon Ang	simeon.Ang@sccmasia.com
	Ilvin Cornelis	ilvin.cornelis@sccmasia.com

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

## Institutional Investors Engagement

In 2021, the IRCC team kept up its institutional engagement via participation in virtual roadshows and one-on-one 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 FY 2021, the IRCC team engaged over 100 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.

In FY 2021, ESR-REIT achieved inclusion into the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index). Being a constituent of this index broadened ESR-REIT's reach amongst global investors and increased its trading liquidity.

ESR-REIT was also awarded in the "Titanium Category" for the second consecutive year at the Benchmarking Awards of The Asset ESG Awards 2021, a strong testament to the Manager's commitment towards good corporate governance and transparency. ESR-REIT also improved

its standing in the REIT and Business Trust category of the Singapore Governance and Transparency Index from 19th in 2020 to 14th in 2021. ESR-REIT was also conferred in the 'Highly Commended - Overall' at the Sustainable Business Awards Singapore 2020/2021.

## 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) (SIAS) 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 (REITAS).

During FY 2021, ESR-REIT conducted its first hybrid Annual General Meeting on 22 April 2021 via a physical and virtual meeting. The number of in-person attendees at the physical meeting was limited to the first 30 Unitholders who registered on a first-come, first-served basis. The virtual meeting was broadcast through a live webcast comprising both video and audio-only feeds to over 67 Unitholders. ESR-REIT also convened an Extraordinary General Meeting ("EGM") on 26 July 2021 to seek Unitholders' approval for the whitewash resolution in connection to the Preferential Offering.<sup>1</sup> The EGM was held via virtual means instead of a hybrid meeting amidst

<sup>1</sup> The Manager completed a S\$149.6 million equity fund raising exercise comprising a S\$100.0 Private Placement and a S\$49.6 million Preferential Offering to partially financing the acquisition of 46A Tanjong Penjuru; partially funding the upcoming asset enhancements of 7000 Ang Mo Kio Avenue 5 and 16 Tai Seng Street; and partially repaying existing debt drawn down to fund the acquisition of 10.0% stake in ESR Australia Logistics Partnership.

## INVESTOR ENGAGEMENT

the heightened restrictions in Singapore. 55 Unitholders watched the live proceedings of the EGM. All resolutions tabled at both meetings were approved. Unitholders were strongly encouraged to submit their questions in advance of the meetings on the Pre-registration page or via email or by post. The Manager addressed these questions by publishing weekly responses on SGXNET and the IR website in the period leading up to the meetings. To ensure effective communication, Unitholders were also able to pose questions live at the meetings.

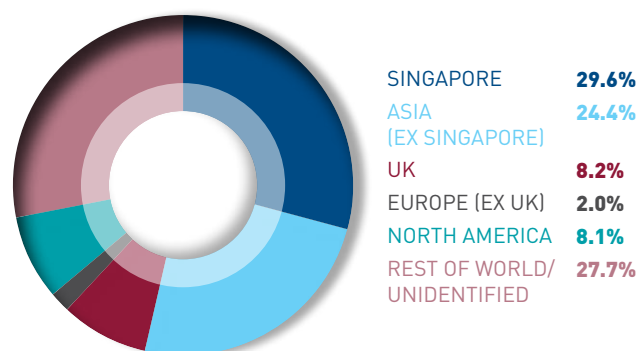
Operating under the 'new normal' of the pandemic, many investor events in FY 2021 were held virtually. During the year, ESR-REIT engaged with retail investors through participation in various online forums. These activities enabled investors to glean additional insight

into its business performance and acquire a deeper understanding of the industrial property market outlook in Singapore. ESR-REIT was one of the featured REITs at the annual REITs Symposium jointly organised by Shareinvestor and REITAS. Held in May 2021, the virtual event was well attended by over 3,745 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 1 September 2021 where the Manager had the opportunity to share its operational and financial performance as well as address investors' queries in the Q&A segment.

### Unitholders by Type



### Unitholders by Geography



### FY 2021 INVESTOR RELATIONS CALENDAR

	Activity	Dates
1 <sup>st</sup> Quarter	FY 2020 post-results analyst and media briefing	20 January 2021
	12 <sup>th</sup> Credit Suisse ASEAN Conference	6 January 2021
	BNP Paribas Asia Property Forum	14 January 2021
	RHB Virtual NDR (Taiwanese, Thai, Malaysian Investors)	4 February 2021
	SGX Virtual SREITs Corporate Day for Korean Investors	10 March 2021
	The Edge REITs Investment Forum	27 March 2021
2 <sup>nd</sup> Quarter	SGX-Yuanta NDR	27 April 2021
	Lianhe Zaobao Invest Webinar	3 April 2021
	12 <sup>th</sup> Annual General Meeting	22 April 2021
	SGX-Yuanta NDR	27 April 2021
	BNP Paribas Singapore REIT Day	18 May 2021
	REITs Symposium 2021	22 May 2021
	UBS OneASEAN Virtual Conference	16 June 2021
	HSBC 5 <sup>th</sup> Annual Asia Credit Conference	24 June 2021
Citi Asia Pacific Property Conference	25 June 2021	

## FY 2021 INVESTOR RELATIONS CALENDAR (CONT'D)

	Activity	Dates
3 <sup>rd</sup> Quarter	SGX-Yuanta NDR	23 July 2021
	Lianhe Zaobao Invest Webinar	26 July 2021
	12 <sup>th</sup> Annual General Meeting	25 August 2021
	SGX-Yuanta NDR	1 September 2021
4 <sup>th</sup> Quarter	SGX-RHB Conference - Finding resilience on the path to recovery	17 November 2021

## FINANCIAL CALENDAR

Activity	FY 2021	FY 2022 <sup>2</sup>
Announcement of Full Year Financial Results	20 January 2021	27 January 2022
Payment of Fourth Quarter Distribution to Unitholders	19 March 2021	30 March 2022
Announcement of First Quarter Interim Update	22 April 2021	22 April 2022
Annual General Meeting	22 April 2021	29 April 2022
Payment of First Quarter Distribution to Unitholders	24 June 2021	24 June 2022
Announcement of Half Yearly Financial Results	23 July 2021	27 July 2022
Extraordinary General Meeting	26 July 2021	21 March 2022
Payment of Second Quarter Distribution to Unitholders	16 September 2021	23 September 2022
Announcement of Third Quarter Interim Update	27 October 2021	26 October 2022
Payment of Third Quarter Distribution to Unitholders	29 December 2021	28 December 2022

## 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 (refer to right):

- **ESR-REIT's Investor Relations website** – <https://esr-reit.listedcompany.com/home.html>
- **Online enquiry** – [https://esr-reit.listedcompany.com/ir\\_contact.html](https://esr-reit.listedcompany.com/ir_contact.html)
- **Subscribe to email alerts** - [https://esr-reit.listedcompany.com/email\\_alerts.html](https://esr-reit.listedcompany.com/email_alerts.html)

For further enquiries, please contact:

<b>Investor Relations</b>	<b>Ms Lyn Ong</b> 8 Changi Business Park Avenue 1, #05-51, ESR BizPark @ Changi (South Tower), Singapore 486018 T: (65) 6827 9504 F: (65) 6827 9339 E: ir@esr-reit.com.sg
<b>Corporate Communications</b>	<b>Ms Gloria Low</b> 8 Changi Business Park Avenue 1, #05-51, ESR BizPark @ Changi (South Tower), Singapore 486018 T: (65) 6827 9332 F: (65) 6827 9339 E: enquiries@esr-reit.com.sg
<b>Unit Registrar</b>	<b>Boardroom Corporate &amp; Advisory Services Pte Ltd</b> 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 T: (65) 6536 5355 E: SRS.TeamE@boardroomlimited.com
<b>Unitholder Depository</b>	<b>The Central Depository (Pte) Limited</b> 9 Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 T: (65) 6535 7511 E: asksg@sgx.com

2 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.

## OUR COVID-19 RESPONSE #ESRREITCARES

Adapting to an endemic COVID-19 environment, we took decisive action to mitigate the level of disruption and impact on our business.

### MAINTAINING BUSINESS OPERATIONS

We maintained quality standard of care for our tenants, visitors, employees and partners with strict implementation of safe management measures at our properties. As some of our properties comprise Business Parks, security personnel were stationed at entrances to ensure that SafeEntry was properly deployed to strengthen contact tracing procedures.

Given that COVID-19 situation in Singapore has largely stabilised with the vaccination programme, no rental rebates were provided to tenants in FY 2021 and tenants resumed rental payments that were deferred under the COVID-19 (Temporary Measures) Act 2020. To-date, all deferred payments have been fully paid up.

### SUPPORTING OUR TENANTS AND THE COMMUNITY

#### ESR-REIT Covid-19 care initiative

As part of ongoing partnerships with the People's Association, ESR-REIT collaborated with Kembangan Chai Chee Community Club, to launch the ESR-REIT COVID-19 Care Initiative in support of our F&B tenants, frontline heroes, senior citizens and low-income families in the community. Our F&B tenants have taken a hard hit with the dine-in ban and work-from-home measures during the first P2(HA). To show our solidarity in overcoming this difficult period, we purchased S\$45,000 worth of F&B vouchers from our tenants and distributed them to low-income families and essential workers in the Kembangan Chai Chee division. Each family received a set of F&B vouchers worth S\$280 while essential workers received S\$60 vouchers.



There is considerable pent-up demand for industrial space as industrialists move to safeguard their supplies against disruptions and pandemic bottlenecks. Manufacturers have also increased their production in view of the global supply crunch for microchips. The leasing team has actively engaged these companies and have secured new and renewal leases at an aggregate of 2.15 million sq ft for FY 2021. Read more on the team's activities on page 52.

### ACTIVE ASSET AND CAPITAL MANAGEMENT

ESR-REIT continues to deliver returns for our Unitholders through active asset and capital management. By 1Q 2021, the Manager has successfully refinanced all expiring debt due in FY 2021 and achieved a well-staggered debt maturity profile with a weighted average debt expiry of 2.4 years as at 31 December 2021, ending the year with a strong capital position. The Manager continues to proactively manage its debt structure, which include assessing early refinancing options for 2022.

#### Project #MealsTogether

Throughout the four-week Heightened Alert, ESR-REIT supported the needs of the vulnerable and underprivileged in our community through Project #MealsTogether. The initiative was started by a local entrepreneur to provide meal support for low-income families and children under the Financial Assistance Scheme. Through our tenant network, we sourced bento boxes from various F&B tenants such as Popeye's and Sakunthala, and delivered them with the help of the fleet of volunteer drivers provided by the organiser.



## OPERATIONS REVIEW – SINGAPORE

**WE SEEK TO ACTIVELY OPTIMISE THE PORTFOLIO AND ENHANCE ITS PERFORMANCE TO STAY AHEAD OF INDUSTRY TRENDS AND BECOME FUTURE-READY**



### CREATING VALUE FOR UNITHOLDERS

Recognising the need to increase supply chain agility, industrialists worldwide have adopted and replaced *just-in-time manufacturing* with *just-in-case manufacturing* as the pandemic continues. Demand for space in ESR-REIT's strategic locations continued to grow due to paradigm shifts in the way goods are produced, delivered and consumed. This has been driven by structural trends in manufacturing and the need to shore up supply chain

to mitigate COVID-19 disruptions. Over the medium-to-long term, the Manager expects significant opportunities to arise across its S\$3.2 billion<sup>1</sup> portfolio. This should facilitate the conversion of properties to New Economy assets such as high-specs industrials and ramp-up logistics facilities.

The Manager has taken a measured, disciplined and value-based approach to portfolio growth.

	Asset Class	Price / Cost [S\$ million]	Completion Date
<b>Acquisitions</b>			
ESR Australia Logistics Partnership (10% interest)	Logistics / Warehouse	62.6 <sup>2</sup>	14 May 2021
46A Tanjong Penjuru	Logistics / Warehouse	119.6	29 June 2021
<b>Divestments</b>			
11 Serangoon North Avenue 5	General Industrial		30 November 2021
3C Toh Guan Road East	Logistics / Warehouse	53.0	30 November 2021
45 Changi South Avenue 2	General Industrial	11.1	14 March 2022
<b>Asset Enhancement Initiatives</b>			
ESR BizPark @ Changi (formerly known as UE BizHub EAST)	Business Park	14.5	1Q 2021
19 Tai Seng Avenue	High-Specs Industrial	7.65	4Q 2021
7000 Ang Mo Kio Avenue 5	High-Specs Industrial	53.3 <sup>3</sup>	3Q 2023

<sup>1</sup> 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.

<sup>2</sup> Using an illustrative exchange rate of A\$1,000 : S\$1.0352.

<sup>3</sup> The revised total cost is expected to be S\$53.3 million, which includes previously announced expected cost of approximately S\$35.7 million and additional cost of approximately S\$17.6 million.

## OPERATIONS REVIEW – SINGAPORE



46A Tanjong Penjuru | Logistics & Warehouse

The Manager continues to seek out value and focus its efforts on acquiring value-accretive properties in established industrial precincts supported by key infrastructure.

On 6 May 2021, the Manager announced the strategic acquisition of 46A Tanjong Penjuru, a five-storey modern in-demand ramp-up logistics facility, for a purchase price of S\$119.6 million<sup>4</sup> (the “Singapore Acquisition”) and the acquisition of 10.0% interest in ESR Australia Logistics Partnership (“EALP”) from the pipeline of ESR Group (the “Sponsor”), for a purchase consideration of A\$60.5 million [approximately S\$62.6 million<sup>5</sup>] (the “Australia Acquisition”).

46A Tanjong Penjuru has a gross floor area of approximately 523,689 sq ft and is situated on leasehold land of approximately 240,990 sq ft with a 30-year lease term from JTC Corporation commencing on 1 May 2006 and an option to renew for a further term of 14 years. Well located in the established logistics cluster of Tanjong Penjuru in the western area of Singapore, 46A Tanjong Penjuru is currently fully occupied with six tenants. Based on an independent valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd using the capitalisation approach and the discounted cash flow approach, the appraised value of 46A Tanjong Penjuru as at 30 April 2021 was S\$119.6 million<sup>5</sup>. The new addition strengthens ESR-REIT’s portfolio exposure to the logistics sector with the proportion of in-demand ramp-up warehouses having increased from 68.9% to 73.4% by rental income and 72.0% to 73.4% by valuation within ESR-REIT’s logistics asset class.



379 Sherbrooke Road, Willawong, Queensland (EALP Portfolio)

In addition, the completion of ESR-REIT’s first overseas acquisition marks the beginning of an overseas expansion for the REIT and a pivot towards the resilient and robust logistics sector. EALP, which comprises 36 prime logistics properties all located in Australia, is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Group. ESR Queensland Hold Trust held a 20.0% interest in EALP, with the remaining 80.0% interest in EALP held by a wholly owned subsidiary of GIC (Realty) Private Limited (“GIC”), whose primary business is to hold real estate investments of GIC Private Limited, a global investment firm established in 1981 to manage Singapore’s foreign reserves. Following the completion of the Australia Acquisition, ESR Queensland Hold Trust and ESR-REIT each holds a 10.0% interest in the Fund, with GIC holding the remaining 80.0% interest in EALP.

The acquisition of 46A Tanjong Penjuru coupled with the Australia Acquisition will scale up ESR-REIT’s logistics exposure in the face of a significant demand in quality warehouse space.

### Divestment Activity

In FY 2021, the Manager announced the divestment of three non-core assets aggregating S\$64.1 million at a blended premium to fair value of 3%. As part of its continuing optimisation strategy to enhance income resilience, sale proceeds will be redeployed to pare down debt to fund AEs and asset acquisitions. The divestments of 3C Toh Guan Road East, a 5-storey multi-tenanted warehouse, and 11 Serangoon North Avenue 5, a six storey multi-tenanted general industrial building, were completed on 30 November 2021 while 45 Changi South Avenue 2, a general industrial building, was completed on 14 March 2022.

<sup>4</sup> The appraised property value comprises the consideration (S\$112.0 million) and upfront land premium paid to JTC for the balance of the first 30-year JTC lease term (S\$7.6 million).

<sup>5</sup> Using an illustrative exchange rate of A\$1.000 : S\$1.0352.



### Ongoing Asset Enhancement Initiatives

The asset enhancement initiatives (“AEI”) of ESR BizPark @ Changi (“BPCG”) and 19 Tai Seng Avenue reflects our focus to unlock value within our existing portfolio to bolster our recurring income.

AEI works were carried out at BPCG 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. The rejuvenated BPCG is envisaged as the preferred destination for technology-oriented companies given its vantage position in the heart of Changi Business Park. The AEI was completed in 1Q 2021 at a cost of S\$14.5 million.

19 Tai Seng Avenue was converted from a general industrial to a high-specs property to cater to a greater variety of high-tech tenants. Significant enhancements were made to its façade and infrastructure including a major refurbishment of the main lobby, drop-off area and passenger lift lobbies, to improve accessibility and tenant experience. In addition, mechanical and electrical components such as the air-conditioning and sprinklers systems were upgraded to cater for a greater variety of high-tech tenants. The AEI was completed in 4Q 2021 at a cost of S\$7.65 million and is expected to deliver an estimated yield-on-cost of approximately 7% to 9% on a stabilised basis.



AEI works completed in 4Q 2021

### Upcoming Asset Enhancement Initiatives

ESR-REIT will continue to focus on organic growth by rejuvenating its assets to position them to stay relevant to the space needs of industrialists. Current AEIs include the ongoing development of a multi-tenanted high-

specifications building at 7000 Ang Mo Kio Avenue 5 (“7000 AMK”) with a gross floor area of approximately 265,000 sq ft suitable for advanced manufacturing, info-comm and data centre tenants. The AEI of 7000AMK is expected to complete in 3Q 2023 for approximately S\$53.3 million<sup>6</sup>. Planned AEI for FY 2022 includes the asset enhancement of 16 Tai Seng Street to increase GFA and maximise plot ratio.

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.

### PORTFOLIO VALUATION

ESR-REIT conducted independent valuation of its portfolio in September 2021 and December 2021. In determining the valuation figures, the valuers have applied the following methodologies including the direct comparison method, capitalisation approach and discounted cash flows method to arrive at the open market value. 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.

As at 30 September 2021, the total valuation of ESR-REIT’s 58 properties was S\$3.2 billion<sup>7</sup>. These independent valuations were conducted by Jones Lang LaSalle Property Consultants Pte Ltd, Knight Frank Pte Ltd and Cushman & Wakefield VHS Pte Ltd. Several existing properties within the portfolio registered uplift in valuations such as ESR Bizpark @ Changi and 19 Tai Seng Avenue upon the completion of its AEI while several properties recognised a slight depreciation in revaluation against their valuation as at 31 December 2020 mainly due to shorter remaining land tenure amidst changing market conditions from the effects of the COVID-19 pandemic on the market rental rate and market rental growth assumptions.

Independent valuations as at 31 December 2021 were largely stable with several existing properties within the portfolio registering a slight depreciation in revaluation against their valuations as at 30 September 2021 mainly due to shorter remaining land tenure partially offset by uplift in valuation of assets that are undergoing AEI. Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Cushman & Wakefield VHS Pte Ltd conducted the year-end independent valuations.

<sup>6</sup> The revised total cost is expected to be S\$53.3 million, which includes previously announced expected cost of approximately S\$35.7 million and additional cost of approximately S\$17.6 million.

<sup>7</sup> 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.

## OPERATIONS REVIEW – SINGAPORE

	Valuation as at 31 December 2020 <sup>8</sup> (S\$ million)	Valuation as at 30 September 2021 <sup>9</sup> (S\$ million)	Valuation as at 31 December 2021 <sup>8</sup> (S\$ million)	Variance (31 Dec 2021 vs 30 Sep 2021) (%)	Variance (31 Dec 2021 vs 31 Dec 2020) (%)
Business Parks	848.2	840.8	836.1	(0.6)	(1.4)
High-Specs Industrial	583.3	589.3	590.4	0.2	1.2
Logistics & Warehouse	726.7	847.9 <sup>9</sup>	848.3	0.0	16.7
General Industrial	904.7	903.2	901.4	(0.2)	(0.4)
<b>Total</b>	<b>3,062.9<sup>10</sup></b>	<b>3,181.2<sup>7</sup></b>	<b>3,176.2</b>	<b>(0.2)</b>	<b>3.7</b>

### PORTFOLIO REVIEW

ESR-REIT delivered a stable FY 2021 performance despite significant challenges from a prolonged COVID-19. The Manager's focus remains on delivering sustainable growth for Unitholders by ensuring the portfolio remains well-positioned to capitalise on the accelerating demand

for modern well-located industrial properties. As at 31 December 2021, ESR-REIT holds interests in 56 properties, each located in key industrial clusters across Singapore, with an aggregate gross floor area of approximately 15.3 million sq ft. The properties have an aggregate value of S\$3.2 billion<sup>8</sup> as at 31 December 2021.

### KEY PORTFOLIO STATISTICS

	As at 31 December 2020	As at 31 December 2021	Variance (%)
<b>Number of Properties</b>	57	56	(1.8)
Gross Floor Area (million sq ft)	15.1	15.3	1.3
Net Lettable Area (million sq ft)	13.4	13.7	2.2
Portfolio Valuation <sup>8</sup> (S\$ million)	3,113.4	3,176.2	2.0
Occupancy (%)	91.0	92.0	1.1

### Portfolio Occupancy

Portfolio occupancy remains stable at 92.0%<sup>11</sup> as at 31 December 2021, consistently above the JTC average of

90.1% in FY 2021. FY 2021 occupancy also increased marginally from 91.0% in FY 2020.

	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Occupancy <sup>11</sup> (%)	90.8	91.7	91.2	92.0
JTC Average (%)	90.0	90.1	90.1	90.1

8 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.

9 Includes acquisition of 46A Tanjong Penjuru which was completed on 29 June 2021, the amount presented here represents the valuation as at 30 April 2021.

10 Excludes 3C Toh Guan Road East and 11 Serangoon North Avenue 5 which were divested on 30 November 2021.

11 Excludes properties in the pipeline for divestment and redevelopment.

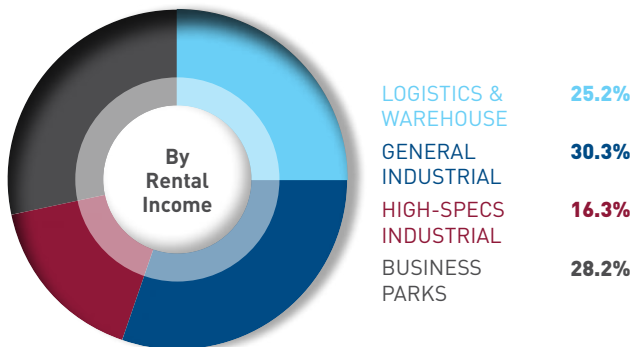
**Well-Diversified Portfolio**

ESR-REIT continues to own and manage a range of industrial properties, comprising Business Parks, High-Specs Industrial, Logistics / Warehouse and General Industrial. Collectively, New Economy assets account for 41.5% of the portfolio by rental income and 42.0% by valuation. With limited potential supply, ESR-REIT is well-positioned to capture the growing demand in High-Specs Industrial and Logistics & Warehouse sectors. The Manager will proactively manage its portfolio to scale up its proportion of New Economy assets.

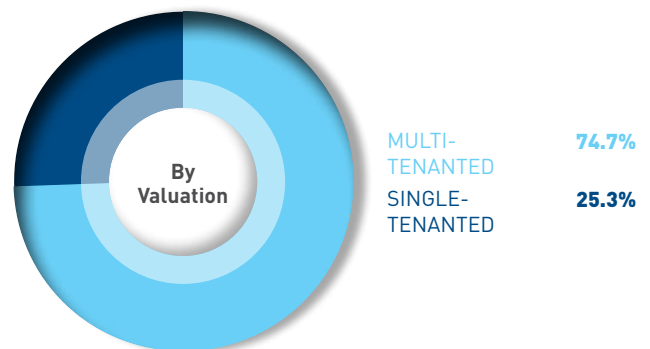
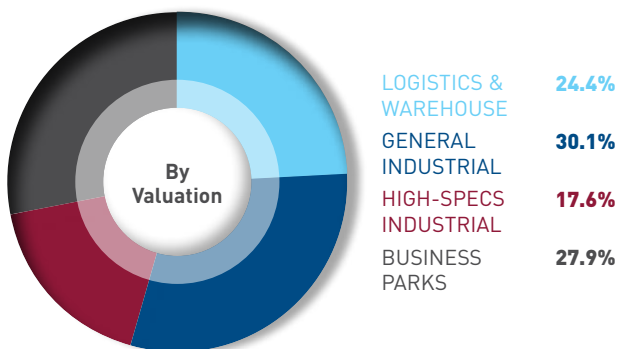
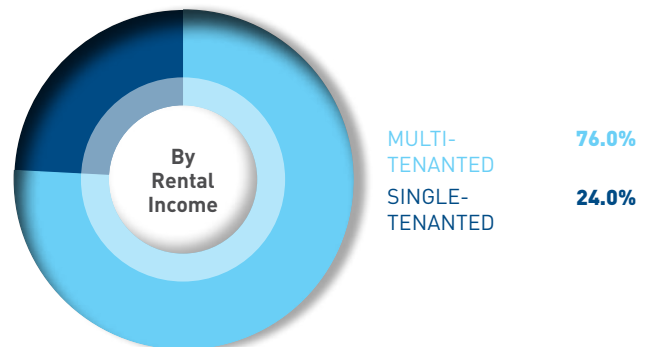
**Breakdown of Single-tenanted and Multi-tenanted Buildings**

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. MTBs provides tenant diversification while STBs, with its longer leases and built-in rental escalation, generates yield stability. Proactive portfolio conversion over the years has increased ESR-REIT's exposure to MTBs and STBs, currently constituting 76.0% and 24.0% of the portfolio respectively based on rental income as at 31 December 2021, and 74.7% and 25.3% of the portfolio respectively based on valuation as at 31 December 2021. The portfolio is well-positioned to capture potential rental upside in the post COVID-19 recovery.

**Asset Class**  
(%)



**Single Tenanted vs Multi-Tenanted Properties**  
(%)



## OPERATIONS REVIEW – SINGAPORE

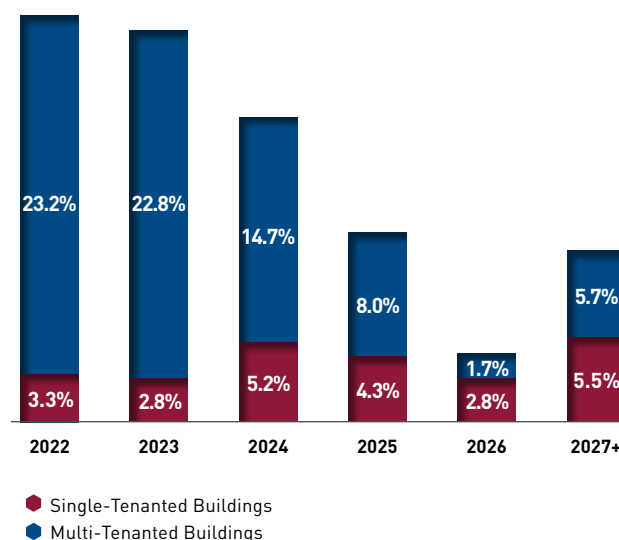
### Portfolio Lease Expiry Profile

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 2021, the lease expiry profile for ESR-REIT remained well-balanced with a portfolio weighted average lease expiry (by rental income) of 2.7 years. For new and renewed leases in FY 2021, the weighted average lease expiries (by rental income) based on the date of commencement are 2.9 years for new leases and 3.4 years for renewed leases and accounts for 10.8% and 15.9% of committed rental income as at 31 December 2021 respectively. No more than 26.5% by rental income and 29.8% of the portfolio's total leases by net leasable area will expire in any one year over the next five years.

ESR-REIT's leases have either marked-to-market rent reviews at fixed periods or include rental escalations throughout the lease term. Some leases are also on a triple-net basis where tenants are responsible for property operating expenses such as property tax, land rent, insurance and maintenance. For multi-tenanted buildings, lease terms range from 2 to 25 years for single tenancy and from 5 months to 15 years for multi-tenancy depending on the business approvals obtained by tenants from JTC.

### Weighted Average Lease Expiry

(% of Rental Income)



### Land Lease Expiry Profile

As at 31 December 2021, the weighted average land lease expiry of ESR-REIT's portfolio was 30.7 years by valuation, down from 31.6 years a year ago.

### STATEMENT OF NET INCOME AND DISTRIBUTION

Land Tenure Expiry	Business Park		High-Specs Industrial		Logistics & Warehouse		General Industrial		Total	
	No. of Properties	Asset Value <sup>12</sup> (S\$ m)	No. of Properties	Asset Value <sup>12</sup> (S\$ m)	No. of Properties	Asset Value <sup>12</sup> (S\$ m)	No. of Properties	Asset Value <sup>9</sup> (S\$ m)	No. of Properties	Asset Value <sup>12</sup> (S\$ m)
0 to 20 years	1	257.6			5	255.3	10	187.3	16	700.2
20.1 to 30 years			2	83.0	4	425.7	2	27.9	8	536.6
30.1 to 40 years	1	32.5	3	309.6	2	51.2	19	594.9	25	988.2
40.1 to 50 years	1	546.0	3	136.6			4	91.3	8	773.9
<b>Total</b>	<b>3</b>	<b>836.1</b>	<b>8</b>	<b>529.2</b>	<b>11</b>	<b>732.2</b>	<b>34</b>	<b>901.4</b>	<b>56</b>	<b>2,999.3</b>

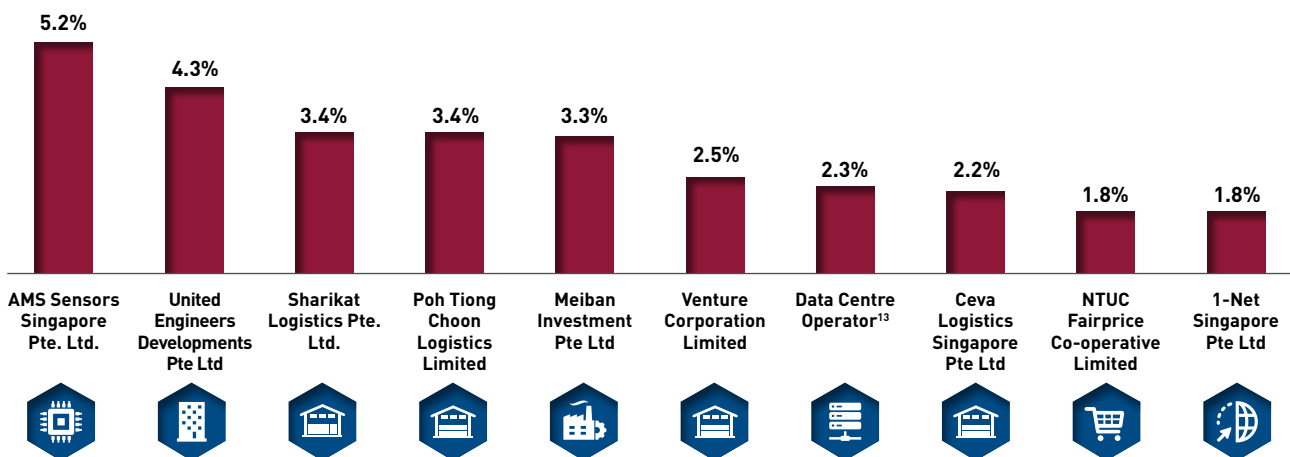
<sup>12</sup> Based on 80% of the valuation of 7000 Ang Mo Kio Avenue 5 and 49% of the valuation of 48 Pandan Road in which ESR-REIT holds interest in.

**Portfolio Top 10 Tenants**

ESR-REIT’s rental income is well-spread across its portfolio of 358 tenants. The top 10 tenants account for 30.2% by rental income and 25.8% by net leasable area. As at 31 December 2021, no single tenant contributed

more than 5.2% 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)

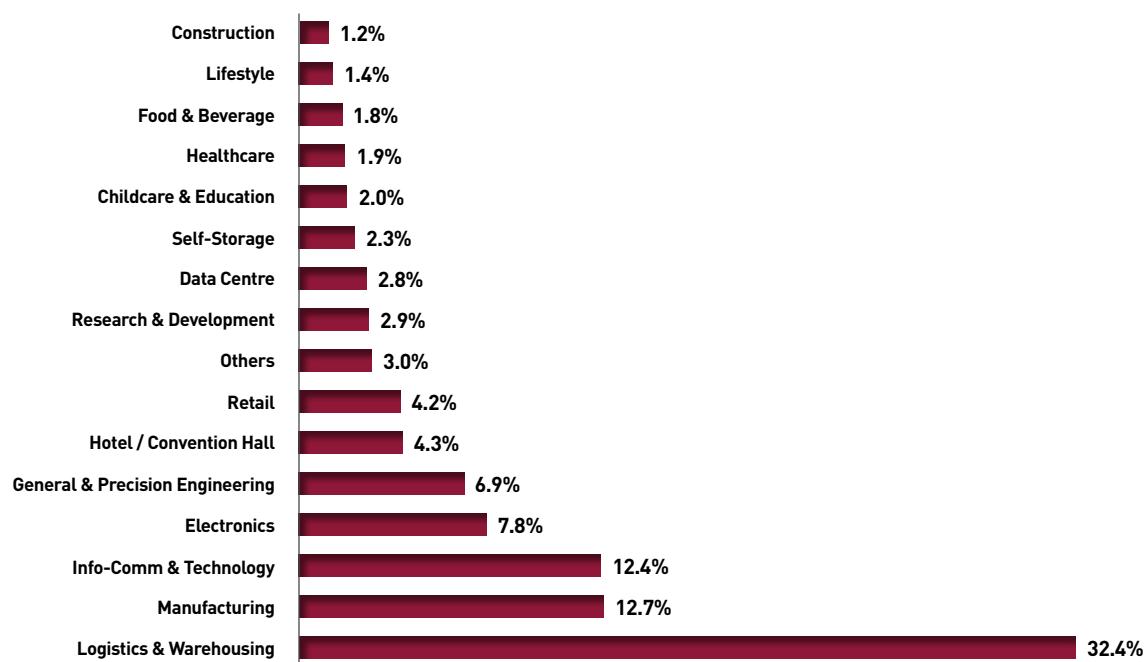


**Portfolio Trade Sector Analysis**

ESR-REIT’s portfolio is well-diversified across various industries including logistics & warehousing, manufacturing, info-comm & technology, electronics, general & precision engineering etc. As at 31 December 2021, logistics and warehousing remained the largest contributor to rental income at 32.4% of the total portfolio.

Manufacturing remained the second largest contributor to portfolio rental income at 12.7% while info-comm & technology makes up 12.4% of portfolio rental income. Collectively, the top three largest trade sectors made up roughly 57.5%. No individual trade sector accounted for more than 32.4% of the portfolio rental income.

**Breakdown of Tenant Trade Sector**



<sup>13</sup> Tenant not named due to confidentiality obligations.

# OPERATIONS REVIEW – SINGAPORE

## ACTIVE LEASING MANAGEMENT

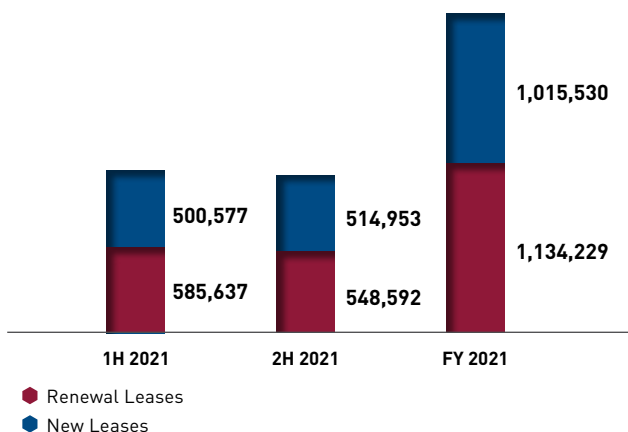
We are always looking for new ways to help businesses grow. Working in tandem with our tenants, we seek out innovative solutions to fulfil their space needs. The diversity of our property portfolio means we offer a wide range of space options. Our approach to building strong tenant customer relationships is predicated on partnership and commitment, we constantly challenge ourselves to go above and beyond in our service.

ESR-REIT has a tenant base of 358 quality tenants with over 50% providing essential services. New tenants during the year include established logistics players and precision engineering companies such as AF Global Logistics, YCH Group, Gebruder Weiss, United Test and Assembly Center Ltd and XP Power Limited.

### Breakdown of renewals and new leases for FY 2021

Despite lingering COVID-19 uncertainties, the Manager focused on renewals and attracting new tenants. Approximately 2.15 million sq ft of prime industrial space were leased out during FY 2021, of which renewals amounted to 1.13 million sq ft while new leases accounted for 1.02 million sq ft of space in the portfolio. A total of 173 leases were signed in FY 2021 (FY 2020: 165). The Manager will focus on tenant retention to maintain a stable portfolio occupancy against the backdrop of uncertain macroeconomic conditions.

### Renewals and New Leases

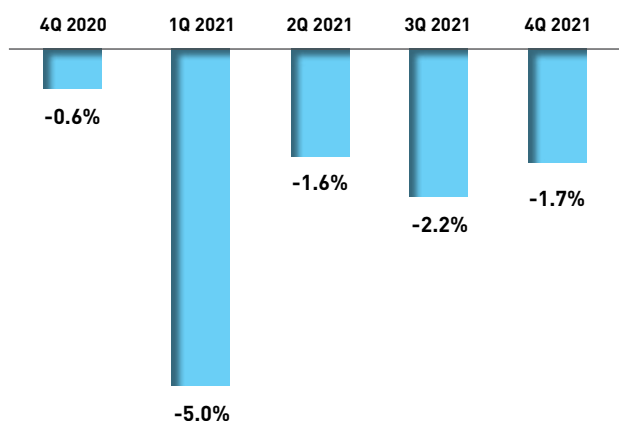


## Rental Reversions for FY 2021

Rental reversion as at FY 2021 was -1.7% primarily due to renewals of certain large tenants in the business park segment. Rental reversions for 4Q 2021 were +3.0% with high-specs industrial, logistics / warehouse and general industrial sectors registering positive rental reversions.

### Rental Reversions

(\$ million)

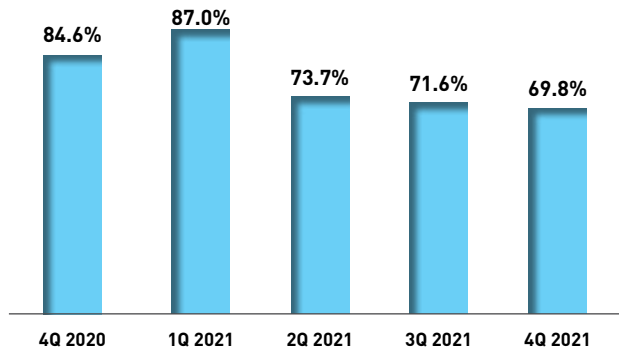


## Tenant Retention Rate

ESR-REIT achieved a tenant retention rate of 69.8% as at 31 December 2021 compared to 84.6% over the same period last year. Larger retained tenants include Kerry Logistics and TDCX. 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.

### YTD Tenant Retention Rate

(%)



## OPERATIONS REVIEW – AUSTRALIA



On 6 May 2021, ESR-REIT acquired a 10.0% interest in ESR Australia Logistics Partnership (“EALP”) for a purchase consideration of A\$60.5 million (approximately S\$62.6 million<sup>1</sup>). The acquisition is in line with our strategy to invest in markets where the Sponsor has real estate operational capabilities and presence which allows us to leverage their capabilities in those markets. EALP comprises 32 income-producing assets, two properties which are currently under development and two land parcels for future development. Collectively, the 36 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland and South Australia, with a portfolio valuation of approximately A\$1.35 billion, an occupancy rate of 96.0% and a WALE of 4.3 years as at 31 December 2021.

ESR-REIT’s existing portfolio in Singapore comprises only leasehold properties with a weighted average land lease expiry of 30.7 years as at 31 December 2021. The land leases of the 32 income-producing properties of EALP are predominantly freehold (83% by value as at 31 December 2021). As at 31 December 2021, 54.4% of the leases by rental income in EALP’s portfolio comprised single tenant master leases with longer lease tenures and built-in rental escalations averaging 2.5% to 3.0% per annum. These complement ESR-REIT’s existing portfolio, which as at 31 December 2021, mainly comprises multi-tenanted leases (76.0% by rental income) with average lease tenure of 2.7 years.

### ABOUT AUSTRALIA LOGISTICS MARKET

While COVID-19 uncertainties have impacted the Australian economy, they have accelerated the e-commerce penetration rate, driving demand for quality, well-located warehouse space. According to CBRE research, the total industrial and logistics vacancy rate across Australia’s five major cities has dropped to a historic low of 1.3% as national net absorption surpassed two million sqm. National vacancy has been

on a downward trend from 6.3% in 2H 2019 to 1.3% in 2H 2021, demonstrating strong occupier growth and activity.<sup>2</sup> With limited vacancies in most markets, Sydney and Melbourne are leading the country with respect to logistics activity and have recorded year-on-year rental growth of 6% and 4%, respectively.<sup>2</sup> The significant growth comes as Australia’s e-commerce penetration rate hits a record 14%. Tenant expansion and new space requirements account for 90% of national occupier movements.<sup>2</sup>

As e-commerce continues to grow, challenges around reverse logistics and delivery times will place pressure on occupiers to meet growing demand. According to CBRE research, e-commerce is expected to contribute an additional 350,000 sq m of new space comprising traditional warehousing, last mile hubs, regional delivery centres and fulfilment centres to be developed each year.<sup>3</sup> In response to COVID-19, the Australian government has also sought to fast-track new infrastructure developments to spur economic growth, bringing forward approximately A\$72 billion<sup>4</sup> in projects.

According to Colliers, strong occupier trends and favourable structural changes have led to a significant re-weighting of capital towards the industrial and logistics sector. As a result, in the nine months leading up to 3Q 2021, over A\$12 billion in industrial and logistics transactions have occurred as compared to A\$5.5 billion for FY 2020, with another approximately A\$40 to A\$50 billion of capital looking to enter the sector. In turn, this has created significant competition for assets, and for major portfolios, there can be up to ten parties making bids, including both domestic and offshore capital. The rate of compression within the sector continues to beat expectations, with almost 110 basis points being recorded in the prime market in the twelve months leading up to 3Q 2021.<sup>5</sup> The national weighted prime yield now measures 4.39%, with compression expected to continue into FY 2022.<sup>5</sup>

1 Using an illustrative exchange rate of A\$1.000 : S\$1.0352.  
 2 Industrial & Logistics Vacancy Report for the second half of 2021’ by CBRE Research.  
 3 Australia Real Estate Market Outlook 2021’ by CBRE Research.  
 4 ‘2021 Global Logistics Outlook’ by Cushman & Wakefield.  
 5 ‘Industrial Second Half 2021’ by Colliers Research.

# FINANCIAL REVIEW

## STATEMENT OF NET INCOME AND DISTRIBUTION

	FY 2021 S\$'000	FY 2020 S\$'000	Fav/(Unfav) %
<b>Gross Revenue</b>	<b>241,286</b>	<b>229,924</b>	<b>4.9</b>
Property Expenses	(68,025)	(65,717)	(3.5)
<b>Net Property Income ("NPI")</b>	<b>173,261</b>	<b>164,207</b>	<b>5.5</b>
Income from Investment at Fair Value through Profit or Loss	1,536	-	n.m.
Interest Income	20	17	17.6
Management Fees	(14,840)	(14,639)	(1.4)
Trust Expenses	(2,722)	(8,653)	68.0
Borrowing Costs	(43,889)	(45,246)	3.0
Finance Costs on Lease Liabilities For Leasehold Land	(11,825)	(11,575)	(2.2)
<b>Net Income</b>	<b>101,491</b>	<b>84,111</b>	<b>20.7</b>
<b>Net Income Available for Distribution to Unitholders</b>	<b>113,568</b>	<b>99,127</b>	<b>14.6</b>
Tax-Exempt Income <sup>1</sup>	183	-	n.m.
Capital Distribution <sup>1</sup>	642	-	n.m.
<b>Amount Available for Distribution to Unitholders</b>	<b>114,393</b>	<b>99,127</b>	<b>15.4</b>
<b>Distribution per Unit ("DPU") (cents)</b>	<b>2.987</b>	<b>2.800</b>	<b>6.7</b>

n.m. – not meaningful

<sup>1</sup> Distribution in relation to ESR-REIT's 10.0% interest in ESR Australia Logistics Partnership.

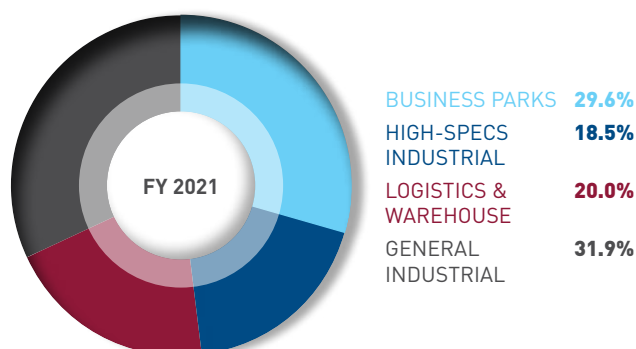
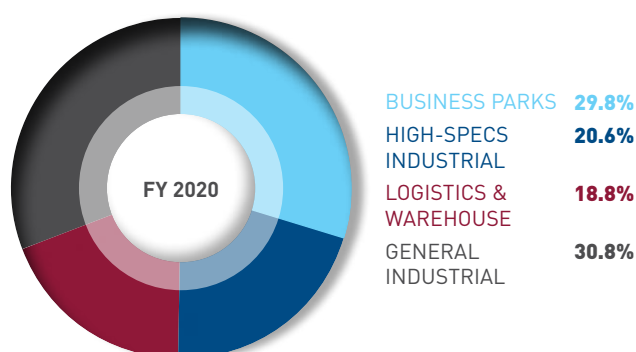
The recurring COVID-19 outbreaks since the start of the year has delayed the reopening of the Singapore economy until the second half of 2021 when COVID-19 attained endemic status. While the stop-and-start pandemic economy has posed operational challenges, the industrial market has remained largely resilient, in part due to the just-in-case model of production that industrialists are pivoting towards. ESR-REIT's stable performance for FY 2021 was a result of the Manager's disciplined execution of its business strategy as well as prudent capital and risk management. Since the onset of the pandemic, ESR-REIT's cash position has remained stable. Rental collection for FY 2021 has remained healthy at 99.5% of total receivables.

### GROSS REVENUE

ESR-REIT's gross revenue for FY 2021 was S\$241.3 million, an increase of S\$11.3 million or 4.9% from FY 2020. The increase was mainly due to the contribution from 46A Tanjong Penjuru which was acquired on 29 June 2021, the leasing up of certain properties, as well as the absence of provision for COVID-19 rental rebates during the year.

Gross revenue of S\$241.3 million comprised S\$71.3 million (29.6% of gross revenue) from business park, S\$44.7 million (18.5% of gross revenue) from high-specs industrial, S\$48.2 million (20.0% of gross revenue) from logistics and warehouse and S\$77.0 million (31.9% of gross revenue) from general industrial properties.

### Gross Revenue by Asset Class [%]



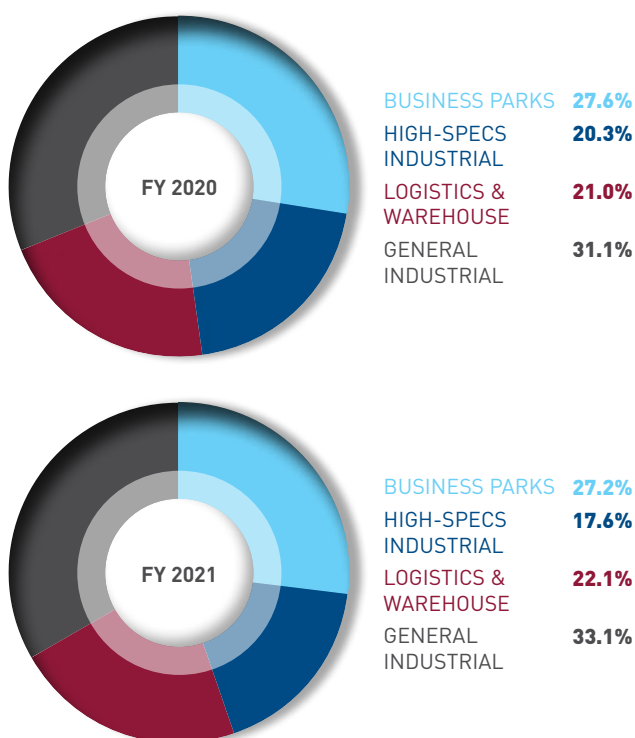


**NET PROPERTY INCOME**

NPI for FY 2021 was S\$173.3 million, an increase of S\$9.1 million or 5.5% from FY 2020 due to higher gross revenue. This increase was partially offset by higher property expenses in FY 2021.

Property expenses amounted to S\$68.0 million in FY 2021, an increase of S\$2.3 million or 3.5% from FY 2020. The higher property expenses were mainly attributable to higher electricity rates and higher property tax expense for certain properties.

**Net Property Income Contribution by Asset Class<sup>1</sup>**  
(%)



**NET INCOME**

Net Income for FY 2021 was S\$101.5 million, an increase of S\$17.4 million or 20.7% from FY 2020 on the back of higher NPI, income contribution from the investment in ESR Australia Logistics Partnership (“EALP”) as well as lower trust expenses and borrowing costs.

ESR-REIT completed the acquisition of 10.0% of the total issued units in EALP on 14 May 2021. EALP is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Group, and it owns 32 income-producing properties, two land parcels for future development and another two properties which are currently under development. Collectively, the 36 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland and South Australia.

The lower trust expenses for FY 2021 was mainly due to the absence of abortive costs incurred in relation to the proposed merger of ESR-REIT and Sabana Industrial Real Estate Investment Trust<sup>2</sup> in FY 2020, while the decrease in borrowing costs were attributable to a lower average cost of debt during the year.

**DISTRIBUTIONS PAID TO UNITHOLDERS**

The amount available for distribution to Unitholders for FY 2021 amounted to S\$114.4 million, an increase of S\$15.3 million or 15.4% as compared to FY 2020, which was mainly attributable to higher net income.

FY 2021 DPU of 2.987 cents was 6.7% higher than the FY 2020 DPU of 2.800 cents. Included in the FY 2021 DPU was 0.004 cents (or approximately S\$0.2 million) of tax-exempt income and 0.013 cents (or approximately S\$0.6 million) of capital distribution, which are attributable to the income contribution from EALP.

1 Excludes ESR-REIT’s 49.0% interest in 48 Pandan Road.  
 2 Such abortive costs are not tax deductible and have no impact on distributable income.

## FINANCIAL REVIEW

A breakdown of the quarterly DPU from FY 2019 to FY 2021 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
<b>FY 2019</b>	1.007	1.004	1.000	1.000	<b>4.011</b>
<b>FY 2020</b>	0.697	0.662	0.700	0.741	<b>2.800</b>
<b>FY 2021</b>	0.800	0.754	0.712	0.721	<b>2.987</b>

ESR-REIT's distribution yield as at 31 December 2021 was 7.38% per annum<sup>3</sup>. The REIT has been consistently delivering a yield higher than that of the Singapore Government 10-year SGD bond of 1.64%.

### DISTRIBUTION REINVESTMENT PLAN

The Distribution Reinvestment Plan ("DRP") was in place for quarterly distributions for FY 2021 except for the second quarter when the equity fund raising to raise gross proceeds of approximately S\$149.6 million was launched. The Manager has continued to maintain an active DRP as a component of longer-term capital management and to allow unitholders flexibility in receiving their distribution entitlements. The DRP provides a measured and efficient means of accessing additional equity capital from existing unitholders.

### CHANGE IN THE NUMBER OF ISSUED UNITS

During FY 2021, the Manager issued a total of 453,895,023 new units pursuant to the private placement, preferential offering, distribution reinvestment plan and as partial payment of management fees. A breakdown of the change in the number of issued units during FY 2021 as compared to FY 2020 is as follows:

	FY 2021 Number of units	FY 2020 Number of units
<b>Issued units at beginning of the year</b>	<b>3,576,362,126</b>	<b>3,487,315,971</b>
Issuance of new units pursuant to:		
- Management fees paid in units	17,475,221	23,096,788
- Distribution Reinvestment Plan	43,530,233	65,949,367
- Private Placement	268,818,000	-
- Preferential Offering	124,071,569	-
<b>Issued units at end of the year</b>	<b>4,030,257,149</b>	<b>3,576,362,126</b>

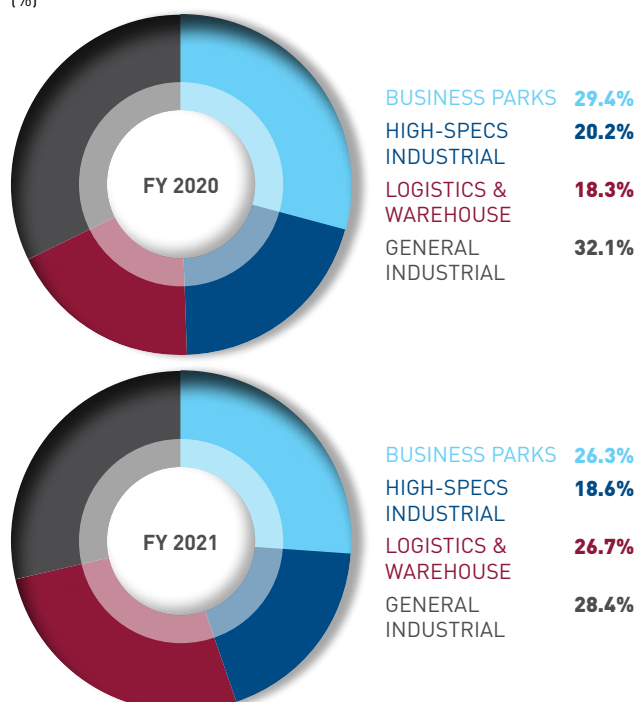
### VALUATION OF PROPERTIES

As at 31 December 2021, the total carrying value of ESR-REIT's investment properties was S\$3.2 billion<sup>4</sup> based primarily on independent external valuations, which were reported on the basis of material valuation uncertainty that highlights the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future.

During the year, ESR-REIT completed the acquisition of 46A Tanjong Penjuru on 29 June 2021, as well as divested 11 Serangoon North Avenue 5 and 3C Toh Guan Road East on 30 November 2021. As at 31 December 2021, two properties (45 Changi South Avenue 2 and 28 Senoko Drive) were reclassified as investment properties held for divestment. The divestment of 28 Senoko Drive was subsequently completed on 14 January 2022 while the divestment of 45 Changi has been completed on 14 March 2022.

### Valuation of Properties<sup>5</sup>

(%)



<sup>3</sup> Based on closing price of S\$0.405 as at 31 December 2021.

<sup>4</sup> 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.

<sup>5</sup> Excludes ESR-REIT's 49% interest in 48 Pandan Road.

### CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the valuation of ESR-REIT's investment properties must be conducted at least once every year. Any increase or decrease in fair value is credited or charged to the Statement of Total Return as net appreciation or depreciation on revaluation of investment properties.

As at 31 December 2021, independent valuations for investment properties were undertaken by Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Cushman & Wakefield VHS Pte Ltd. In determining the fair value of ESR-REIT's portfolio, the direct comparison method, capitalisation approach and the discounted cash

flows method were used. The valuation methods used are consistent with that used in prior years.

The change in fair value of investment properties of approximately S\$40.4 million in FY 2021 comprised the following:

- fair value loss of S\$40.8 million based on the independent valuations of the investment properties as at 31 December 2021; and
- partially offset by adjustments for straight-line rent and marketing commission for FY 2021 of S\$0.4 million.

Such fair value changes are recognised on the Statement of Total Return but are not taxable / tax deductible and therefore, have no impact on distributable income.

### NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	31 December 2021 S\$'000	31 December 2020 S\$'000	Variance %
Total Assets	3,329,765	3,187,393	4.5
Total Liabilities	1,580,682	1,589,288	(0.5)
Net Assets Attributable to Unitholders	1,597,968	1,446,990	10.4
Net Asset Value ("NAV") per Unit (cents)	39.6	40.5	(2.2)

Total assets increased by 4.5% from S\$3.19 billion as at 31 December 2020 to S\$3.33 billion as at 31 December 2021. The increase was mainly due to the acquisition of 46A Tanjong Penjuru and the 10% interest in EALP, partially offset by the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East.

Net assets attributable to Unitholders increased by 10.4% to S\$1.60 billion as at 31 December 2021 as compared to S\$1.45 billion as at 31 December 2020. NAV per unit as at 31 December 2021 was 39.6 cents as compared to 40.5 cents as at 31 December 2020.

### ACCOUNTING POLICIES

The financial statements of ESR-REIT are prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes 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 to withstand unexpected changes is key to better manage risks for its Unitholders. We adopt a prudent and disciplined approach

towards capital management to ensure financial flexibility in order to realise the REIT's growth objectives. Capital management metrics are regularly monitored to ensure they are within regulatory and internal risk thresholds.

	As at 31 December 2021	As at 31 December 2020
Total Gross Debt (S\$ million)	1,199.5	1,186.0
Debt to Total Assets (%) <sup>1</sup>	40.0	41.5
Weighted Average All-in Cost of Debt (%) p.a.	3.31	3.54
Weighted Average Debt Expiry ("WADE") (years)	2.4	2.2
MAS Interest Coverage Ratio ("ICR") (times) <sup>2</sup>	3.5	3.0
MAS Adjusted Interest Coverage Ratio (times) <sup>3</sup>	3.1	2.6
Interest Rate Exposure Fixed (%)	92.1	89.0
Weighted Average Fixed Debt Expiry ("WAFDE") (years)	2.0	2.0
Proportion of Unencumbered Investment Properties (%) <sup>4</sup>	100.0	100.0
Debt Headroom (S\$ million) <sup>5</sup>	632.3	507.7
Undrawn Available Committed Facilities (S\$ million)	262.9	119.0

ESR-REIT's capital structure remains healthy with debt to total assets of 40.0% as at 31 December 2021, as compared to 41.5% over the previous corresponding period. This provides ESR-REIT financial flexibility with a debt headroom of S\$632.3 million. The portfolio remains 100.0% unencumbered. ESR-REIT has successfully reduced its all-in cost of debt from 3.54% p.a. in the preceding year to 3.31% p.a. as at 31 December 2021.

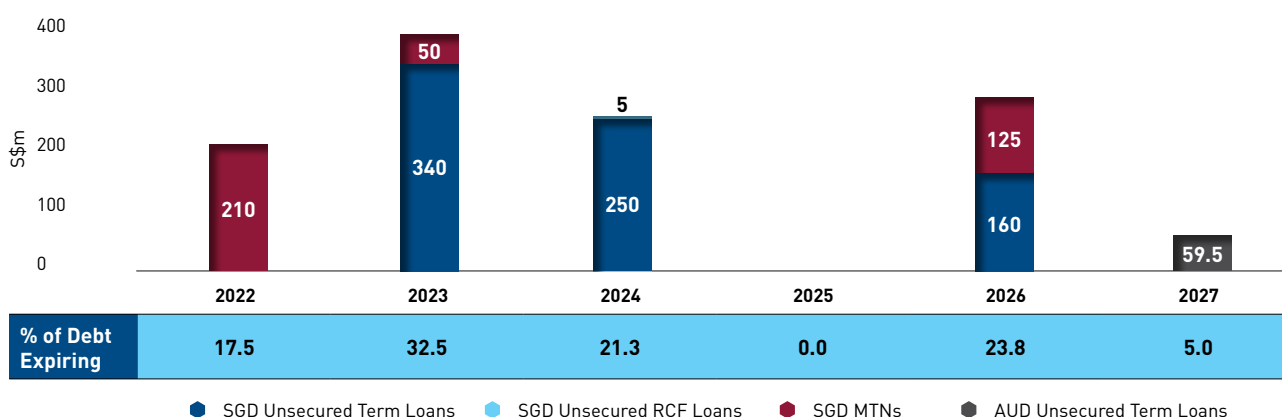
To minimise the impact from the volatility of interest rate movements, 92.1% of borrowings have fixed interest

rates for a weighted average tenor of 2.0 years. The REIT's overseas investment in the ESR Australia Logistics Partnership enjoys a natural foreign currency hedge as the AUD denominated investment is funded by AUD denominated debt.

ESR-REIT maintains a well-staggered debt maturity profile, with no more than 32.5% of debt expiring in each year. The weighted average debt expiry is currently 2.4 years as at 31 December 2021, as compared to 2.2 years a year ago.

### Debt Maturity Profile

(As at 31 December 2021)



1 Includes ESR-REIT's 49.0% share of the borrowings and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 Leases.

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

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

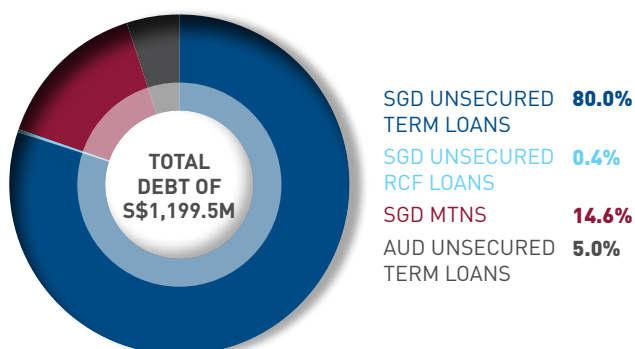
4 Excludes ESR-REIT's 49% interest in 48 Pandan Road.

5 Effective 16 April 2020, MAS has increased gearing limit for S-REITS from 45% to 50%.

The Manager has repaid S\$45 million of debt expiring in March 2022 and is in advanced discussions with the lending banks to refinance the remaining S\$210 million loans expiring in FY 2022. ESR-REIT remains well-supported by 11 lending banks on a 100% unsecured basis, and as at 31 December 2021 has undrawn committed revolving credit facilities of S\$262.9 million. 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 across the debt and equity capital markets, where available.

As at 31 December 2021, unsecured term loan facilities and revolving credit facilities make up 85.0% and 0.4% of total debt respectively, while MTNs make up the remaining 14.6% of total debt.

**Breakdown of Debt**  
(As at 31 December 2021)



**DIVERSIFIED SOURCES OF FUNDING**

In FY 2021, ESR-REIT entered into two unsecured loan facility agreements:

1. S\$320.0 million unsecured loan facility agreement with United Overseas Bank Limited, Malayan Banking Berhad, Singapore Branch, RHB Bank Berhad and The Hongkong and Shanghai Banking Corporation Limited on 8 March 2021; and
2. A\$68.5 million unsecured loan facility agreement with RHB Bank Berhad on 6 May 2021

On 11 October 2021, the REIT also entered into a commitment letter with DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch, and Sumitomo Mitsui Banking Corporation Singapore Branch for the grant of new

unsecured banking facilities of an aggregate of up to S\$835 million and A\$365 million in connection with the Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust.

In May 2021, the Manager launched an equity fund raising exercise to raise gross proceeds of up to S\$150.0 million comprising a Private Placement and a non-renounceable Preferential Offering of new units. The Private Placement of S\$100.0 million was completed on 18 May 2021 at the issue price of S\$0.372 per new unit. The exercise saw strong participation from new and existing institutional and other investors and was approximately 3.4 times covered. During August 2021, the Manager completed the Preferential Offering with approximately 124.1 million new units issued, raising gross proceeds of around S\$49.6 million. The Preferential Offering was 3.6x subscribed. Proceeds from the equity fund raising exercise were deployed to partially finance the acquisition of the in-demand modern ramp-up logistics facility located at 46A Tanjong Penjuru; partially funding the asset enhancement initiatives at 7000 Ang Mo Kio Avenue 5 and 16 Tai Seng Street, and partially repaying existing debt which was drawn to fund the acquisition of 10.0% interest in ESR Australia Logistics Partnership.

Furthermore, in August 2021, the Manager also successfully issued S\$125.0 million fixed rate notes due 2026 at 2.60% per annum, the lowest coupon for the REIT. The notes were issued pursuant to the S\$750.0 million Multicurrency Debt Issuance Programme and were more than 2.2x subscribed, underpinned by strong demand from institutional investors.

**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 pandemic and will continue to be proactive in managing refinancing and interest rate risks.

As at 31 December 2021, approximately S\$262.9 million of undrawn committed facilities were available for general working capital and corporate funding purposes.

**CASH FLOWS AND HEDGING**

ESR-REIT has taken a proactive role in monitoring its cash flow position and requirements to ensure sufficient liquidity and adequate funding is available for distribution to its Unitholders, as well as to meet any short-term obligations. Furthermore, the Manager will also continue to implement rigorous measures to mitigate interest rate volatilities.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## INTRODUCTION

The following report is prepared by EDMUND TIE to provide a Singapore Industrial Property Market Overview covering business park, factory and logistics/ warehouse segments. The report will be incorporated as part of ESR-REIT's Annual Report FY 2021.

## SINGAPORE MACROECONOMIC OVERVIEW

### Singapore Economy Performance in 2021

Based on the latest data released from the Ministry of Trade and Industry (MTI), fourth quarter's growth slowed down slightly to 6.1% year-on-year (y-o-y) as compared to third quarter 2021, which expanded by 7.5% y-o-y. In 2021, Singapore's economy grew by 7.6% in 2021 – a reversion from the 4.1% contraction in 2020. Star sectors in the fourth quarter include the manufacturing sector, expanding by 15.5% y-o-y 13.2% respectively in 2021. Growth in the manufacturing sector is fuelled by transport engineering, electronics and precision engineering clusters due to global demand for semiconductors and equipment.

### Singapore's Economic Performance Y-0-Y Growth (%)

GDP & Sectoral Growth Rates	2020	2021	
<b>GDP Growth</b>	<b>-4.1</b>	<b>7.6</b>	▲
Construction	-38.4	20.1	▲
Manufacturing	7.5	13.2	▲
Information & Communications	8.4	12.2	▲
Real Estate	-13.7	10.7	▲
Retail Trade	-18.5	10.2	▲
Finance & Insurance	6.9	7.4	▲
Other Services Industries	-8.1	5.2	▲
Transportation & Storage	-20.1	5.0	▲
Professional Services	-8.0	4.4	▲
Wholesale Trade	-1.7	3.9	▲
Food & Beverage Services	-28.6	3.0	▲
Accommodation	-13.9	1.7	▲
Administrative & Support Services	-16.7	-3.8	▲

Source: Singstat

### Labour market

Based on labour market advance release 4Q 2021 from MOM, the labour market improved in 4Q 2021 compared to 3Q 2021. The unemployment rate declined to 2.4% in 4Q 2021, from 2.6% in 3Q 2021. It is also the lowest since 1Q 2020, signalling a gradual recovery in the job market. Overall unemployment at annual average improved to 2.6% in 2021 from 3.0% in 2020. This can be attributed to the increase in dining capacity in F&B outlets and an increase in the number of Vaccinated Travel Lanes, fuelling demand for more jobs in the service, air transport and hospitality sectors. As the government

The construction sector continued to be weighed down by the lack of manpower due to border restrictions, where growth slowed to 2.9% y-o-y in 4Q 2021. In 2021, the construction sector's growth was elevated to 20.1% due to the low base effect in 2020, where various governmental restrictions have halted construction works.

In 4Q 2021, services producing industries expanded by 4.4% y-o-y and 5.6% in the year. Information & communications expanded by 11.2% in 4Q 2021 on a y-o-y basis, with growth of 12.2% for the year. As the labour market for office employment improves, the government has been pushing to hasten the job matching process and to upskill office workers to meet the demands of the market. Retail Trade grew by 10.2% in 2021 while Other Services grew by 5.2% for the year. The weaker performance can be attributed to the negative growth in the Accommodation & Food Services subsector, which is weighed down by the continued dining restrictions.

pushes to redesign jobs to better suit the needs of businesses for various sectors through the rollout of the Jobs Transformation Maps, more employees in the workforce are now able to upgrade and match the necessary skills required. The recovery in the job market is fuelled by the improving outlook for the economy, although the growth of the recovery may be uneven across the various sectors.

### Manufacturing and exports

The manufacturing PMI reading inched down by 0.1 point to 50.6 in January 2022 from the previous month, marking

19 straight months of expansion. The expansion was due to the slightly faster expansion rates in the key indices of new orders, new exports, factory output, inventory and employment. Meanwhile, the electronics sector PMI fell by 0.2 point to 50.8, the 18th month of expansion for the electronics sector.

Non-oil Domestic Exports (NODX) grew by 20.1% y-o-y (3-month moving average) in December 2021, from the 17.9% (3-month moving average) y-o-y in November 2021. The growth was mainly due to the non-electronics sector, such as pharmaceuticals (72.3% y-o-y), specialised machinery (22.5% y-o-y) and petrochemicals (28.4% y-o-y).

### OUTLOOK FOR 2022

The forecasted growth for Singapore's economy is expected to be between "3.0% to 5.0%" in 2022, a moderation from the 7.6% expansion in 2021. Recovery of the economy is expected to be uneven, where the manufacturing sector growth this year could potentially be weighed down by the slowdown of growth in China, Singapore's largest trading partner. On the other hand, the services sector could be better poised for a recovery due to the relaxation of domestic restrictions.

As the risk of the Omicron COVID variant looms, this could potentially be one of the main risk factors that threatens Singapore's economic growth in 2022. However, with the quickened pace in the rollout of booster vaccination, reopening of borders and Singapore being more prepared than before, we expect the growth trajectory to be sustained.

### RECENT GOVERNMENT POLICIES / INITIATIVES AND ITS IMPACT

#### Covid-19 Support Measures

As announced during Budget 2021, the government launched a series of measures to tackle immediate challenges arising from the prolonged COVID-19 pandemic and to invest in Singapore's future growth. One of key

support measures included an S\$11 billion COVID-19 Resilience Package (CRP) to provide more targeted support for worst-hit sectors. As part of the CRP, the Jobs Support Scheme (JSS) was also extended to assist companies to retain workers, costing an additional S\$700 million. In addition, Deputy Prime Minister Heng Swee Keat pledged in his Budget 2021 speech to allocate S\$24 billion over the next three years to help firms and workers tide over the crisis. To support the hiring of locals and provide training opportunities, a further S\$5.4 billion was allocated for the second tranche of the SGUnited Jobs and Skills Package, of which S\$5.2 billion was channelled towards the extension of the Jobs Growth Incentive (JGI) scheme.

As Singapore transitioned across the different phases towards COVID-19 resilience, the government introduced varying sets of support measures as outlined in the table below. Key support measures included the enhancement or extension of the JSS as well as JGI Phase 3 and the Rental Support Scheme (RSS) to support businesses. In addition, the COVID-19 Recovery Grant (Temporary) (CRG-T) scheme was introduced to provide one-off support for financially affected lower- to middle-income employees and self-employed persons as well. Support measures started tapering down towards the end of November 2021 as Singapore relaxed restrictions and moved into the Transition Phase<sup>1</sup>. Since 2020, over S\$110 billion worth of support measures were extended by the government to tackle the pandemic.

During the recent Budget 2022, Minister for Finance Lawrence Wong unveiled a S\$500 million Jobs and Business Support Package, which consists of the Small Business Recovery Grant and further extension of the JGI scheme. The Small Business Recovery Grant provides a one-off cash support to small businesses in sectors that were most affected by COVID-19 Safe Management Measures last year.

#### Timeline Of Announcement of 2021/2022 Support Packages

Announcement Date	Details of Package
16 Feb 2021	S\$11 billion COVID-19 Resilience Package (CRP) - extended JSS, SGUnited Jobs and Skills Package and COVID-19 Recovery Grant
28 May 2021	S\$800 million Support Measures during Phase 2 (Heightened Alert) - enhanced JSS, introduction of COVID-19 Recovery Grant (Temporary) scheme (CRG-T), Rental Support Scheme (RSS)
23 Jul 2021	S\$1.1 billion Support Package during Phase 2 (Heightened Alert) - enhanced JSS, extension of CRG-T, RSS
24 Sep 2021	S\$650 million Support Package during Stabilisation Phase - enhanced JSS, RSS, Phase 3 of the JGI
20 Oct 2021	S\$640 million Support Package during extension of Stabilisation Phase - extended JSS, RSS
20 Nov 2021	S\$90 million Support Package and tapering of support measures during Transition Phase - extended JSS
18 Feb 2022	S\$500 million Jobs and Business Support Package - Small Business Recovery Grant, Phase 4 of the JGI

<sup>1</sup> The Jobs Support Scheme (JSS) for certain sectors was extended until Dec 19, but at 10 per cent wage support instead of the previous 25 per cent.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

The following table summarises the COVID-19 key support measures relevant to the industrial property sector.

## Key COVID-19 Support Measures for the Industrial Property Market

Announcement Date	Details of Package
COVID-19 (Temporary Measures) Act 2020	<ul style="list-style-type: none"> <li>The COVID-19 (Temporary Measures) Act 2020 provides relief for firms in the built environment sector that were affected by Covid.</li> <li>Part 2 of the Act provides temporary relief for a prescribed period, upon service of a Notification for Relief, from stipulated types of legal and enforcement actions in relation to the inability to perform contractual obligations due to COVID-19.</li> <li>Part 8B of the Act requires the co-sharing of additional non-manpower qualifying costs between contracting parties due to delays caused by COVID-19.</li> <li>Part 10A of the Act provides a relief framework to allow contractors to seek a determination from an Assessor to adjust the contract sum to address the increase in foreign manpower salary costs, i.e. salary costs of Work Permit Holders (WPHs), due to COVID-19.</li> <li>These measures were extended till 31 December 2021.</li> </ul>
Temporary Relief Measures for Property Sector	<ul style="list-style-type: none"> <li>On 28 June 2021, the government announced an extension to the temporary relief measures for property developers affected by disruptions to construction timelines, as border measures were tightened from April and May 2021 because of a resurgence in COVID-19 infections. These are in addition to the temporary relief measures announced on 6 May 2020 and 8 October 2020.</li> <li>The extension to the temporary relief measures, to be implemented with immediate effect, are:               <ol style="list-style-type: none"> <li>Extension of the Project Completion Period (PCP) by six months for qualifying residential, commercial and industrial development projects;</li> <li>Extension by six months for the commencement and completion timelines of residential development projects in relation to the remission of the Additional Buyer's Stamp Duty (ABSD) for qualifying housing developers; and</li> <li>Extension of the PCP by six months for residential development projects under the Qualifying Certificate (QC) regime for qualifying foreign housing developers.</li> </ol> </li> <li>The qualifying conditions to be met are as follows:               <ol style="list-style-type: none"> <li>The land was awarded on or before 7 May 2021, or the land was directly alienated or had their lease renewed by SLA on or before 7 May 2021; and</li> <li>The original timeline for completion of the residential development expired on or after 1 February 2020.</li> </ol> </li> <li>For cases where the land was awarded on or before 1 June 2020, or where the land was directly alienated or had their lease renewed by SLA on or before 1 June 2020, this six-month extension will be in addition to the cumulative 12-month extension that was provided via the temporary relief measures announced on 6 May 2020 and 8 October 2020.</li> </ul>
Jobs Growth Incentive (JGI)	<ul style="list-style-type: none"> <li>The JGI scheme was introduced to provide support to employers to expand local hiring from September 2020 to March 2022 (inclusive), so as to create good and long-term jobs for locals.</li> <li>The JGI provides up to 12 months of salary support for each non-mature local hire and 18 months of salary support for each mature hire, person with disability or ex-offender hired by employers that managed to increase their local workforce within the qualifying window:               <ol style="list-style-type: none"> <li>Phase 1 of JGI: September 2020 to February 2021</li> <li>Phase 2 of JGI: March 2021 to September 2021</li> <li>Phase 3 of JGI: October 2021 to March 2022</li> <li>Phase 4 of JGI: April 2022 to September 2022</li> </ol> </li> <li>For Phase 1 local hires, the support was 25% (or 50% for mature local hires aged 40 and above, persons with disabilities (PwDs) or ex-offenders) of the first S\$5,000 of gross monthly wages paid to all new local hires.</li> <li>For Phase 2 local hires, the supportable gross monthly wages was increased to the first S\$6,000 of gross monthly wages for mature local hires aged 40 and above, PwDs or ex-offenders.</li> <li>For Phase 3 local hires, the support is 15% of the first S\$5,000 of gross monthly wages for all new local hires and 50% of the first S\$6,000 of gross monthly wages for mature local hires aged 40 and above, PwDs or ex-offenders.</li> <li>It was announced during Budget 2022 that the JGI scheme has been further extended to September 2022, with stepped-down rates reflecting the improved labour market conditions. This extension will only cover mature workers aged 40 and above who have not been employed for six months or more, persons with disabilities, and ex-offenders.</li> </ul>

Sources: Ministry of Finance, Ministry of Law, Ministry of Natural Development, Inland Revenue Authority of Singapore, EDMUND TIE Research



Key COVID-19 Support Measures for the Industrial Property Market (Cont'd)

Announcement Date	Details of Package
Job Support Scheme (JSS)	<ul style="list-style-type: none"> <li>Introduced during the Unity Budget in February 2020, over S\$28 billion has been disbursed under the JSS support.</li> <li>The JSS provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs.</li> </ul>
Small Business Recovery Grant	<ul style="list-style-type: none"> <li>Introduced during Budget 2022, the Small Business Recovery Grant forms part of the S\$500 million Jobs and Business Support Package which provides targeted help for workers and businesses in segments of the economy that are facing slower recoveries.</li> <li>Eligible firms will receive S\$1,000 for each local employee with mandatory CPF contributions in the period from 1 November 2021 to 31 December 2021, up to a cap of S\$10,000 per firm.</li> </ul>

Sources: Ministry of Finance, Ministry of Law, Ministry of Natural Development, Inland Revenue Authority of Singapore, EDMUND TIE Research

Initiatives to Drive Transformation and Future Growth

As part of Singapore's plans to seize new opportunities in a post-COVID-19 landscape, the 23 Industry Transformation Maps (ITMs) will be refreshed over the next five years. Under the ITM 2025, three new thrusts were introduced: incorporating the recommendations of the Emerging Stronger Taskforce; closer integration with research and innovation; and greater focus on jobs and skills<sup>2</sup>. Launched in 2016, the ITMs serve as road maps to drive transformation for 23 industries across six clusters and is overseen by the Future Economy Council (FEC).

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

Source: Ministry of Trade and Industry

In May 2021, the Emerging Stronger Taskforce (EST) proposed five key recommendations to the FEC, which had been accepted and will be incorporated in the ITM 2025. One recommendation was to establish Singapore as a global Sustainability Hub, particularly as a carbon trading and services hub; strengthening our food resilience through AgriTech; and leveraging end-to-end digitalisation to strengthen the traceability and accountability of industry value chains. The EST was established under the FEC in May 2020 to better position the nation in the post-pandemic landscape. Six key shifts<sup>3</sup> arising from COVID-19 and nine investable areas<sup>4</sup> to achieve a more connected and sustainable future were identified.

Singapore's economic transformation efforts will be integrated more closely with the national Research, Innovation and Enterprise (RIE) 2025 plan, in which the government will be investing S\$25 billion over the next five years to sustain the nation's competitiveness and bolster our status as a tech and innovation hub. As a five-year blueprint, the RIE 2025 plan will focus on four key areas, namely, health, sustainability, the digital economy, and manufacturing, which are underpinned by strong support for basic research. It is also outlined by four key domains: human health and potential; manufacturing, trade and connectivity; urban solutions and sustainability; and smart nation and the digital economy<sup>5</sup>.

2 The Straits Times, "Industry Transformation Maps to be refreshed, strengthened over next 5 years: DPM Heng", published on 30 April 2021.  
 3 The six key shifts are (i) a changing global order; (ii) accelerating industry consolidation and churn; (iii) reconfiguration of global supply chains; (iv) accelerating digital transformation and innovation; (v) changes in consumer preferences; and (vi) an increased focus on sustainability.  
 4 The nine areas are (i) AgriTech, (ii) Built Environment, (iii) EduTech, (iv) MedTech, (v) Robotics, (vi) Smart Commerce, (vii) Supply Chains, (viii) Sustainability, and (ix) Travel and Tourism  
 5 The Straits Times, "Record \$25 billion for research and innovation over next 5 years to secure Singapore's future", published on 11 December 2020.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

As part of the next phase of industry transformation, Deputy Prime Minister Heng Swee Keat announced during his Budget 2021 speech about the launch of the Growth and Transformation Scheme (GTS), starting with the built environment (BE) sector. Under the GTS, a value chain approach is adopted to drive transformation in the BE sector, supporting the formation of strategic alliances among progressive developers, builders and consultants. Each alliance will need to develop a minimum three-year business and transformation plan to outline strategies and initiatives to achieve transformation outcomes<sup>6</sup>, and its key performance indicators (KPIs) are based on the industry's ITM goals.

Lastly, to advance the nationwide agenda on sustainable development, the government unveiled the Singapore Green Plan 2030 on 10 February 2021, which outlines Singapore's green targets over the next 10 years. Several of the targets under the plan's "Green Economy" pillar<sup>7</sup> include positioning Singapore as carbon services hub in Asia as well as a leading regional centre for developing new sustainability solutions. To achieve Singapore's new net zero emission ambition by or around mid-century, it was announced during Budget 2022 that the carbon tax will be raised to S\$25 per tonne in 2024 and 2025, and S\$45 per tonne in 2026 and 2027, with a view to reaching S\$50 to S\$80 per tonne by 2030. To support firms in emissions-intensive and trade-exposed sectors as well as to manage the near-term impact on their competitiveness,

the government will put in place a transition framework. Under the proposed framework, the allowances provided to companies will be determined based on efficiency standards and decarbonisation targets, which will help mitigate the impact on business costs while still encouraging decarbonisation.

## GOVERNMENT LAND SALES

The MTI has launched its Industrial Government Land Sales (IGLS) programme for the first half of 2022 (1H 2022). There are three sites on the Confirmed List and four sites on the Reserve List, totalling around 809,000 sq ft of NLA.

JTC has scaled back the confirmed sites in view of the significant supply pipeline of industrial properties as well as project delays arising from COVID-19 disruptions to construction activities in 2020-2021. However, to cater to varying business needs, the government has placed more industrial space on the Reserve List for industrialists to trigger in response to market demand. The three plots on the 1H 2022 Confirmed List could generate about 374,000 sq ft of NLA, down 4.5% from the quantum that could be generated from the 2H 2021 list. The four plots on the 1H 2022 Reserved List could generate about 436,000 sq ft of NLA, up by 8.2% from six months prior.

Details of the sites placed under the 1H 2022 and 2H 2021 IGLS Programme are shown in the tables below.

## Projected Supply of Private Industrial Space from IGLS Programme 1H 2022

Location	Site ha	Zoning	Tenure years	NLA '000 sq ft	Status
<b>Confirmed List</b>					
Plot 4 Jalan Papan	0.56	B2	20	69	Launch in February 2022
Plot 10 Tampines North Drive 5	0.50	B2	20	110	Launch in April 2022
Plot 2 Tanjong Penjuru	0.88	B2	30	194	Launch in June 2022
	<b>1.94</b>			<b>374</b>	
<b>Confirmed List</b>					
Plot 4 Jalan Papan	0.77	B2	30	169	Available, closing in June 2022
Plot 10 Tampines North Drive 5	0.49	B2	30	108	Available, closing in June 2022
Plot 2 Tanjong Penjuru	0.56	B2	20	69	Available in March 2022
Plot 10 Tampines North Drive 5	0.72	B2	20	89	Available in May 2022
	<b>2.54</b>			<b>436</b>	
<b>Total</b>	<b>4.48</b>			<b>809</b>	

Source: JTC

Note: NLA estimated based on 82% efficiency factor applied to the total industrial GFA

<sup>6</sup> Building and Construction Authority, "Push for Greener Buildings and New Support Scheme to Boost Transformation Efforts through Industry Alliances Unveiled", press release published on 4 March 2021.

<sup>7</sup> Singapore Green Plan 2030's five key pillars are: City in Nature, Sustainable Living, Energy Reset, Green Economy and Resilient Future.

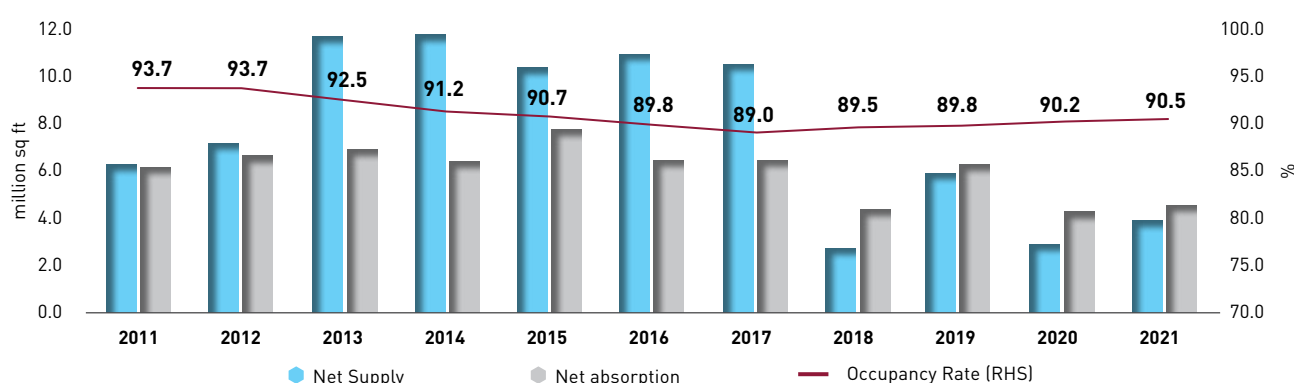
**Projected Supply of Private Industrial Space from IGLS Programme 2H 2021**

Location	Site ha	Zoning	Tenure years	NLA '000 sq ft	Status
<b>Confirmed List</b>					
Plot 7, Jalan Papan	0.88	B2	20	109	Awarded on 26 November 2021
Plot 3, Gambas Way	0.69	B2	30	122	Tender closed on 23 November 2021. Results yet to be announced
11 Tuas Avenue 18	0.40	B2	20	49	No award
Plot 8, Jalan Papan	0.90	B2	20	111	Tender closed on 22 February 2022. Results yet to be announced
	<b>2.87</b>			<b>391</b>	
<b>Confirmed List</b>					
Woodlands Industrial Park E7/E8	0.77	B2	30	169	Available, closing in June 2022
Plot 9, Tampines North Drive 5	0.49	B2	30	108	Available, closing in June 2022
Plot 9, Jalan Papan	1.01	B2	20	125	Tender closed on 11 January 2022. Results yet to be announced
	<b>2.27</b>			<b>402</b>	
<b>Total</b>	<b>5.14</b>			<b>794</b>	

Source: JTC  
 Note: NLA estimated based on 82% efficiency factor applied to the total industrial GFA

**FACTORY**  
**Demand and Supply**

**Net Supply, Net Absorption and Occupancy (Multiple-and-Single-user Factory Space)**



Source: JTC

**Demand**

Net absorption of factory space rose from 4.3 million sq ft in 2020 to 4.5 million sq ft in 2021 possibly due to healthy demand in strong manufacturing output. The occupancy rate rose from 90.2% in 2020 to 90.5% in 2021, the highest since 2015. Occupancy has been buoyed by semiconductor and biomedical activities.

**Supply**

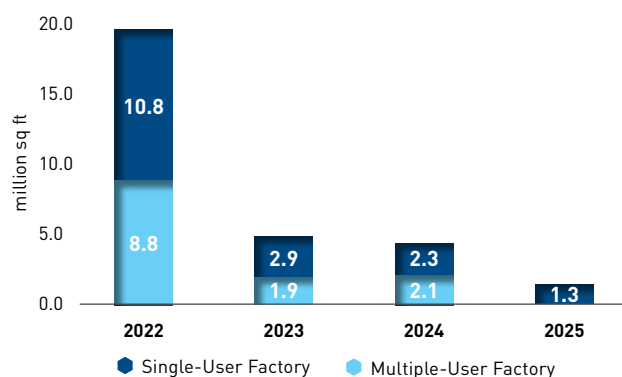
Amid pandemic-induced construction delays, the total factory stock grew by just 1.0% from 395.3 million sq ft in 2020 to 399.2 million sq ft in 2021, marginally higher than the 0.7% growth experienced in 2020. The largest project completed in 2021 was a single-user factory with a NLA of 429,236 sq ft at 94 Tuas South Avenue 3 developed by Hydrochem.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## Potential Supply

As at 4Q 2021, the supply pipeline for factory from 2022 to 2026 is projected to be around 30.4 million sq ft (NLA) with approximately 64% of the pipeline to be completed in 2022. The most significant pipeline supply of factory space in 2022 is the development of Defu Industrial City (2.9 million sq ft NLA) by JTC, which features single-storey terrace workshops, four-storey industrial shops and land-based prototype factories. When completed, Defu Industrial City will mainly be occupied by tenants and lessees of land-based factories at the Defu Industrial Estate, which will be relocated in view of the site's impending redevelopment under JTC's Industrial Redevelopment Programme.

## Factory supply pipeline from 2022 to 2025



Source: JTC

## Projected New Supply of Top 5 Major Private Factory Developments

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Multiple-user Factory Developments</b>					
Solaris @Tai Seng	Tai Seng Avenue	North-East	0.9	Under construction	2022
Mapletree Industrial Trust	Kallang Way	Central	0.7	Under construction	2022
Polaris @ Woodlands	Woodlands Avenue 12	North	0.5	Under construction	2023
REVV	Corporation Drive	West	0.3	Under construction	2022
Tuas Vista	Tuas South Avenue 2	West	0.3	WP: April 2020	2022
<b>Single-user Factory Developments</b>					
Malkoha	Sunview Way	West	1.5	WP: May 2019	2023
Global Foundries Singapore	Woodlands Industrial Park D Street 2	North	0.8	Under construction	2023
Hyundai Motor Singapore	Jurong West Avenue 2	Central	0.8	Under construction	2023
Tee Yih Jia Food Hub	Senoko Road	North	0.7	Under construction	2022
Google Asia Pacific	Lok Yang Way	West	0.7	Under construction	2024

Sources: JTC, EDMUND TIE Research

## Projected New Supply of Major Public Factory Developments

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Multiple-user Factory Developments</b>					
JTC Defu Industrial City	Defu South Street 1	North-East	2.9	Under construction	2022
Bulim Square	Bulim Lane 1/2	West	1.4	Under construction	2024
TimMac @ Kranji	Kranji Loop/Kranji Road	North	1.3	Under construction	2022
Kranji Green	Kranji Loop	North	1.2	Under construction	2022
JTC Space @ AMK	Ang Mo Kio Street 64/65	North-East	1.0	Under construction	2023
<b>Single-user Factory Developments</b>					
JTC semiconSpace @ Tampines	Tampines Industrial Crescent	East	0.1	Under construction	2022
JTC aeroSpace Three	Seletar Aerospace Link	North-East	0.1	Under construction	2022

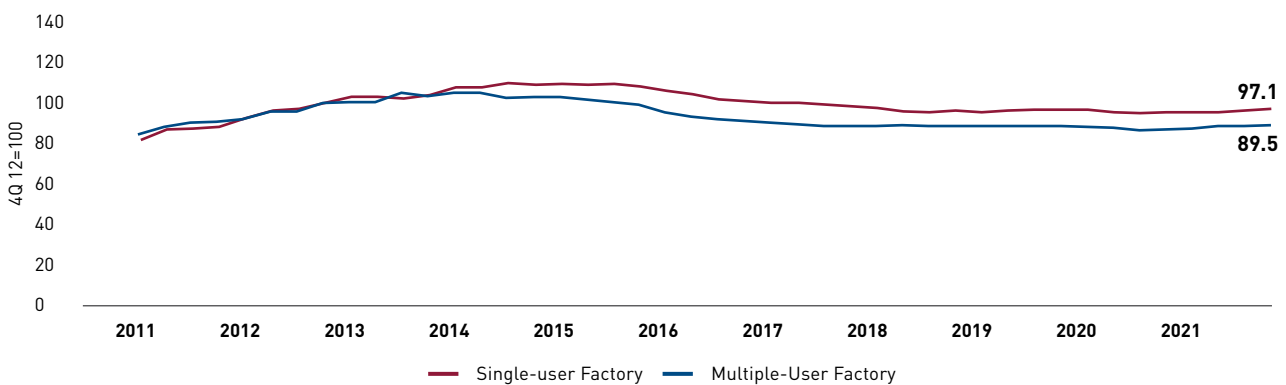
Sources: JTC, EDMUND TIE Research

**Rental Values**

As a result of strong demand for factory space from clusters including biomedical manufacturing and transport engineering in 2021, JTC’s rental index for both multiple-user and single-user factory increased by 2.5% and 1.7% between 4Q 2020 to 4Q 2021, respectively. This contrasted with a decrease of 1.8% and 1.4% in multiple-user and single-user factory rental indices in 2020, respectively.

As at 4Q 2021, the 25th percentile, median and 75th percentile monthly rents for multiple-user factory premises stood at S\$1.55, S\$1.83 and S\$2.24 per sq ft per month<sup>8</sup>. For single-user factory space, the 25th percentile, median and 75th percentile monthly rents stood at S\$1.20, S\$1.50 and S\$1.94 per sq ft per month.

**JTC Industrial Rental Index (Multiple-and-Single-user Factory)**



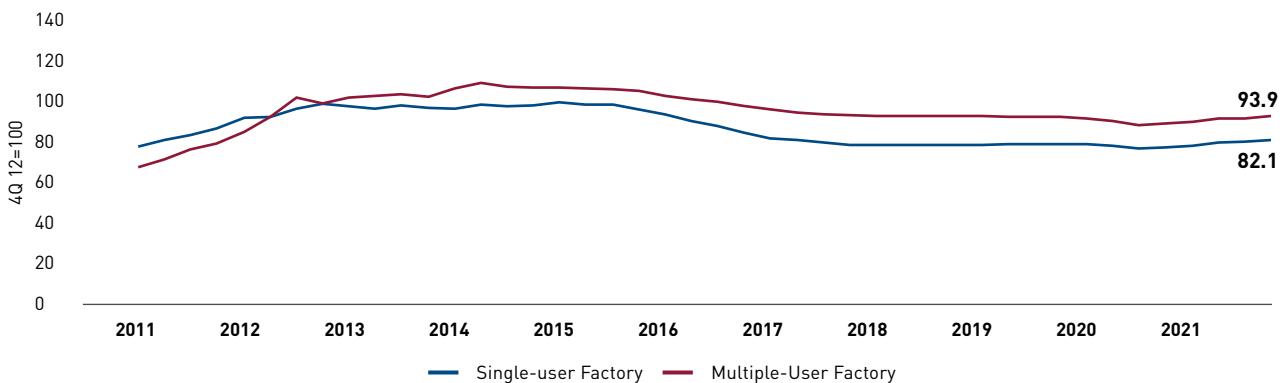
Source: JTC

**Capital Values**

Prices of multiple-user and single-user factory increased by 4.1% and 4.9% between 4Q 2020 to 4Q 2021, respectively, based on JTC’s price indices. In contrast, the multiple-user factory price index fell by 3.2% in 2020, while the single-user factory price index posted a decline of 1.9%.

According to 4Q 2021 data from JTC, the median price for multiple-user factory space stood at S\$461 per sq ft, while the median price for single-user factory space for the same period, stood at S\$168 per sq ft.

**JTC Industrial Price Index (Multiple-and-Single-user Factory)**



Source: JTC

8 The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## Key Investment Transactions

2021 witnessed three mega factory deals (each valued above S\$100 million) worth a combined total of S\$341 million.

The largest factory deal by quantum in 2021 was Boustead Industrial Fund's acquisition of a multi-user factory, 351 on Braddell, for S\$121 million from Boustead Projects.

## Key Details Of Three Mega Factory Deals In 2021

Quarter sold	Development	Property Type	Gross Floor Area/ Land Area (sq ft)	Remaining tenure, yrs	Purchase price		Purchaser	Seller
					S\$ million	S\$ psf		
1Q 2021	BreadTalk IHQ	Single-User Factory	248,902	19 + 30	118.0	474 GFA	Lian Beng Group, Apricot Capital, & 32RE Investments	BreadTalk Group Pte Ltd
1Q 2021	Sime Darby Business Centre	Multiple-User Factory	179,189	34	102.0	569 GFA	AIMS APAC REIT	Aster (Alexandra) Pte Ltd
4Q 2021	351 on Braddell	Multiple-User Factory	104,585	26	121.0	1,157 land area	Boustead Industrial Fund	Boustead Projects

Source: REALIS, EDMUND TIE Research

## Investment Volume and Yields

According to EDMUND TIE Research, total factory sales (each worth at least S\$10 million) valued at approximately S\$1.2 billion were transacted in 2021.

Against the backdrop of the growing manufacturing sector, it has driven strong capital flows into the sector. Coupled with the sharper price growth of multiple-user and single-user factories over the past year, it has resulted in compressed factory yields. Further yield compression is expected as we expect continuing strong investor interest in factories due to their resilient performance during the pandemic.

## Outlook for 2022

Singapore's manufacturing sector remains one of the key support pillars for the economy. Even as worldwide

COVID-19 vaccination rates increase, global growth is expected to soften in 2022. Furthermore, the spread of Omicron infections may prove to be a wildcard going forward. On balance, the optimism for the industrial sector is tempered by downside risks.

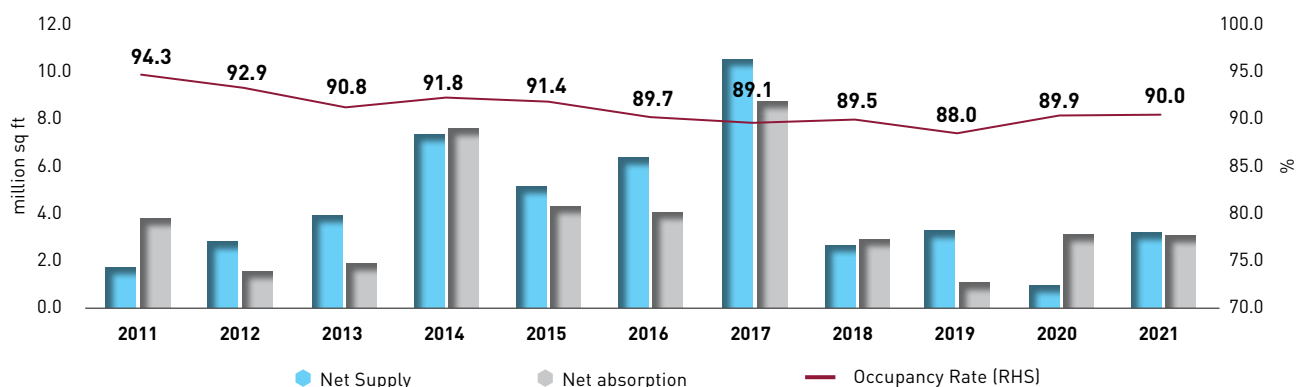
Going forward, local manufacturers are optimistic that manufacturing growth will continue into the new year and that the global pandemic is expected to become endemic. We see firm expansion from organisations in certain clusters such as pharmaceuticals, electronics and precision engineering.

However, persistent supply pressures in 2022 will cap any rental growth. Thus, factory rents are likely to post a slight increase of 2% to 3% in 2022.

## WAREHOUSE

### Demand and Supply

#### Net Supply, Net Absorption and Occupancy (Warehouse)



Source: JTC

**Demand**

Net absorption of warehouse space was broadly unchanged at 3.0 million sq ft in 2021 as compared to 3.1 million sq ft in 2020. Occupancy rate increased from 89.9% in 2020 to 90.0 % in 2021, the highest since 2015. Warehouse demand has been sustained by the ongoing movement towards stockpiling, e-commerce and online grocery shopping.

**Supply**

As at 4Q 2021, the total warehouse stock expanded at a faster pace at 2.6% from 119.2 million sq ft in 2020 to 122.3 million sq ft in 2021, as compared to 0.8% growth experienced in 2020 despite construction delays. The largest project completed in 2021 was Cogent Jurong Island Logistics Hub (a chemical logistics and warehousing facility) with a NLA of 809,991 sq ft developed by S H Cogent Logistics at 15 Tembusu Crescent.

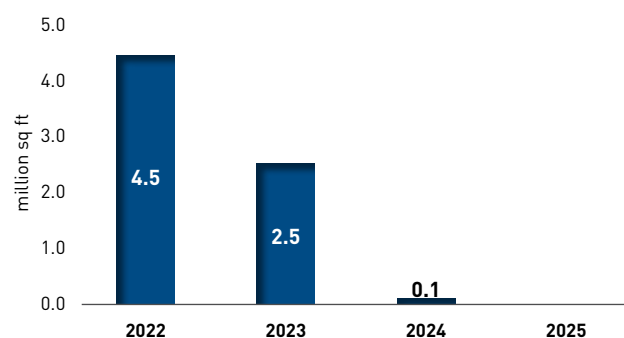
**Potential Supply**

As at 4Q 2021, the supply pipeline for warehouse from 2022 to 2026 is projected to be around 7.1 million sq ft (NLA) with approximately 63% of the pipeline to be completed in 2022.

The most significant pipeline supply of warehouse space in 2022 is the warehouse development by Allied Sunview

with a NLA of 1,081,305 sq ft. The development of Logos eHub at Tuas (750,276 sq ft NLA) is a major potential supply in 2023 at Tuas. LOGOS SE Asia is re-developing the Logos E-commerce Hub at Pandan Crescent into a six-storey, ramp-up facility, catering to the growing e-commerce sector and market. The rare and large floor plate of 200,000 sq ft on each floor can accommodate a wide spectrum of e-commerce usages, from conventional racking systems to high-density storage; from automated sortation systems to last-mile services; complete with amenities such as offices, multi-purpose centres, canteens and ample car and truck holding spaces.

**Warehouse Supply Pipeline from 2022 to 2025**



Source: JTC

**Projected New Supply of Top 5 Major Private Warehouse Developments**

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Warehouses developments</b>					
Allied Sunview	Sunview Road	West	1.1	WP: March 2019	2022
Logos eHub	Pandan Crescent	West	0.8	Under construction	2023
Tuas South Avenue	Tuas South Avenue 14	West	0.7	Under construction	2023
2PS1	Pioneer Sector 1	West	0.7	Under construction	2022
Fairprice Group Fresh Food Distribution Centre	Sunview Road	West	0.6	PP: June 2021	2022

Sources: JTC, EDMUND TIE Research

**Projected New Supply of Major Public Warehouse Developments**

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Warehouses developments</b>					
JTC Logistics Hub @ Gul	Gul Circle	West	0.5	Under construction	2023

Sources: JTC, EDMUND TIE Research

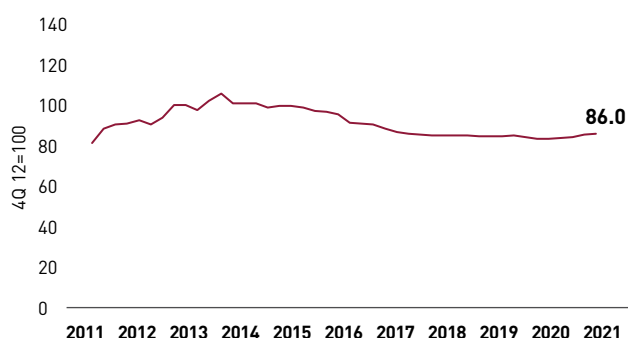
# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## Rental Values

JTC's rental index for warehouse increased by 2.7% between 4Q 2020 to 4Q 2021. This contrasted with a decrease of 1.3% in the warehouse rental index in 2020. This demonstrated the resilience in the rental performance of modern logistics and distribution centres during the pandemic. Greater stockpiling demand during the pandemic likely underpinned rental performance for the traditional warehouses.

As at 4Q 2021, the 25th percentile, median and 75th percentile monthly rents for warehouse premises stood at S\$1.40, S\$ 1.74 and S\$2.30 per sq ft per month<sup>9</sup>, respectively.

## JTC Industrial Rental Index (Warehouse)

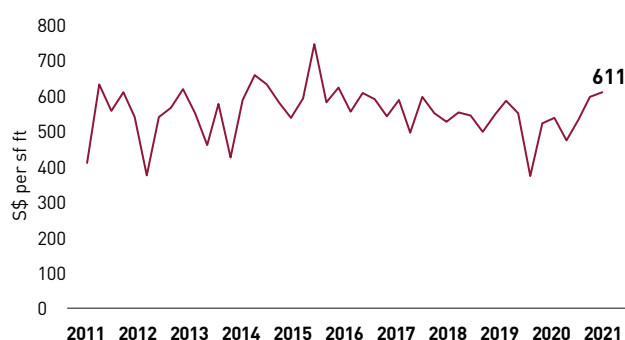


Source: JTC

## Capital Values

JTC has not published the warehouse price index since 4Q 2014 due to the limitations posed by thin transactional activity. The median price of warehouses from JTC stood at S\$611 per sq ft as at 4Q 2021, 13.1% higher than the median price of S\$540 per sq ft as at 4Q 2020.

## Median Prices of Warehouse



Source: JTC

## Key Investment Transactions

The acquisition of 46A Tanjong Penjuru (Global Trade Logistics Centre) by ESR-REIT for S\$112 million from Montview Investments was the sole mega warehouse deal (valued above S\$100 million) in 2021.

## Key Details of Sole Mega Warehouse Deals in 2021

Quarter sold	Development	Property Type	Gross Floor Area/ Land Area (sq ft)	Remaining tenure, yrs	Purchase price		Purchaser	Seller
					S\$ million	S\$ psf		
2Q 2021	Global Trade Logistics Centre	Warehouse	524,000	30 + 14	112.0	214 GFA	ESR-REIT	Montview Investments

Sources: REALIS, EDMUND TIE Research

## Investment Volume and Yields

According to EDMUND TIE Research, total warehouse sales (each worth at least S\$10 million) valued at approximately S\$0.5 billion were transacted in 2021.

Largely accelerated by the pandemic, the rapid growth of the e-commerce industry has resulted in strong demand for warehouse assets for the storage of physical goods as well as corresponding strong investor interest. Sharply rising prices of warehouses over the past year have led to yield compression, and we expect this trend to persist as this sector is poised for structural growth.

## Outlook for 2022

The boisterous growth of e-commerce, aided by the continued proliferation of online ordering and mobile wallet platforms, will support demand for logistics facilities and warehouses. Warehouses with better specifications such as high load capacity and large floor plates will see stronger demand. Government policies to aid businesses to adopt digital solutions and increase their online presence should support demand for the sector. Demand will likely increase, and rents could rise by 3% to 5% on average in 2022.

<sup>9</sup> The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.



## HIGH-SPECS INDUSTRIAL

High-specs industrial spaces refer to modern spaces (exclude business park) with office-like façades and a main lobby, which includes open space and amenities, such as retail, F&B and recreational amenities. They are typically for light and clean business uses, including R&D, data centre, product design, development and testing as well as service centres. In addition, they usually have high floor to ceiling and high loading/unloading capacity depending on their usage, such as data centres.

### Demand and Supply

#### Demand

There was strong demand for high-specs industrial space driven by the government's vision for the sector to change their business models to be in line with Industry 4.0. Landlords are remodelling their assets to higher specifications to meet new demands and occupiers who are invested in robotics, Artificial Intelligence (AI) and the Internet of Things (IoT).

#### Supply

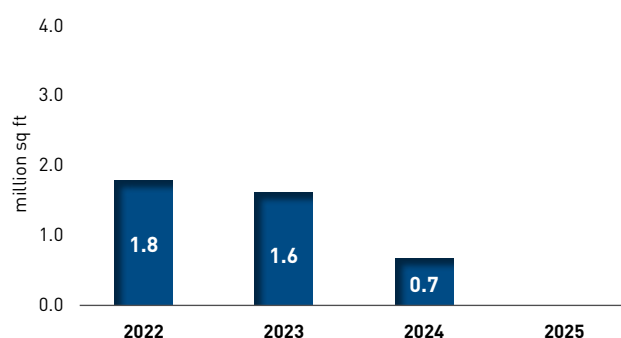
As at 4Q 2021, the total high-specs industrial stock grew by 3.5% from 2020 to 53.9 million sq ft in 2021. The largest project completed in 2021 was the Tuas South Connection with a NLA of 421,023 sq ft at Tuas South Link 1 developed by Yee Lee Development Pte Ltd.

### Potential Supply

As at 4Q 2021, the supply pipeline for high-specs industrial from 2022 to 2025 is projected to be around 4.1 million sq ft (NLA) with approximately 44% of the pipeline to be completed in 2022.

The most significant pipeline supply of high-specs industrial space in 2022 is located at Kallang Way (709,819 sq ft NLA), developed by Mapletree Industrial Trust. A major supply pipeline in 2023 is an advanced semi-manufacturing facility developed by Global Foundries with a NLA of 850,000 sq ft located at Woodlands Industrial Park. This new wafer fabrication plant will support fast-growing end-markets in the automotive, 5G mobility and secure device segments with long-term customer agreements already in place.

### High-Specs Industrial Supply Pipeline till 2025



Sources: JTC, EDMUND TIE Research

### Projected New Supply of Major High-Specs Industrial Developments

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>High-specs industrial developments (non-Data Centres)</b>					
Global Foundries Singapore	Woodlands Industrial Park D Street 2	North	0.8	Under construction	2023
Mapletree Industrial Trust	Kallang Way	Central	0.7	Under construction	2022
Sanofi Manufacturing	Tuas South Street 2	West	0.3	Under construction	2024
3M Innovation Singapore	Tuas Link 4	West	0.2	PP: February 2021	2023
Arkema	Banyan Avenue	West	0.2	Under construction	2022
<b>Data Centres</b>					
Google Asia Pacific	Lok Yang Way	West	0.7	Under construction	2024
Memphis 1	Genting Lane	Central	0.4	Under construction	2023
AirTrunk Singapore	Loyang Drive	East	0.2	Under construction	2022
STT Defu 3	Defu Lane 10	North-East	0.1	Under construction	2022

Sources: JTC, EDMUND TIE Research

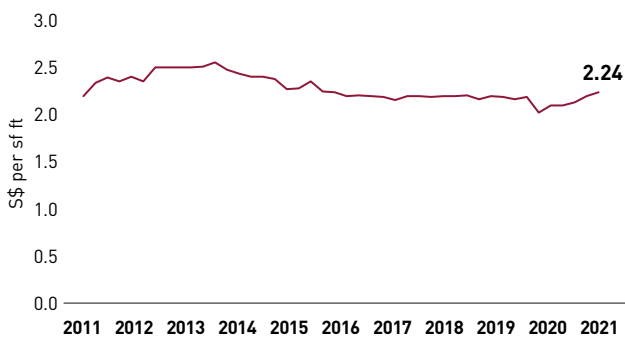
# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## Rental Values

As at 4Q 2021, using the 75th percentile monthly rents of multi-user factory space as a proxy, rents of for high-specs industrial premises stood at S\$2.24 per sq ft per month<sup>10</sup>.

JTC's rents for high-specs industrial increased by 6.9% between 4Q 2020 to 4Q 2021. This contrasted with a decrease of 4.1% high-specs industrial rents in 2020.

## Rents for High-Specs Industrial



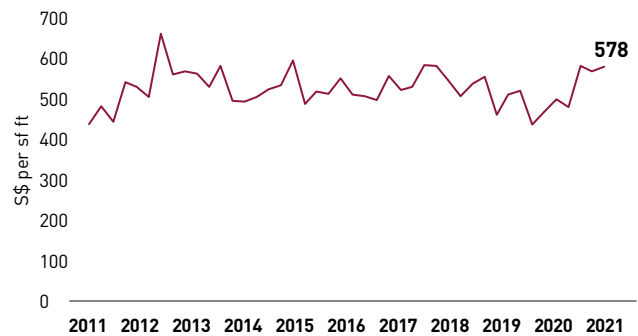
Source: JTC

## Capital Values

As at 4Q 2021, using the 75th percentile of transacted price for multiple-user factory (based on strata area) as a proxy, capital values of high-specs industrial premises stood at S\$578 per sq ft.

Prices of high-specs industrial spaces increased by 15.8% between 4Q 2020 to 4Q 2021. In comparison, the high-specs industrial price decreased by 2.3% in 2020.

## Prices of High-Specs Industrial



Source: JTC

## Key Investment Transactions

There was no mega high-specs industrial investment transaction (valued above S\$100 million) in 2021.

## Investment Volume and Yields

The sole high-specs industrial transaction in 2021 was Edward Boustead Centre. Located at Ubi, it was transacted for S\$33 million in 1Q 2021.

The rising price trend of high-specs industrial over the past year has resulted in compressed yields. Though not frequently transacted in the market, high-specs industrial assets are nonetheless sought-after by occupiers from niche industries such as robotics and AI. Given the strong investment interest, we expect further yield compression in this segment.

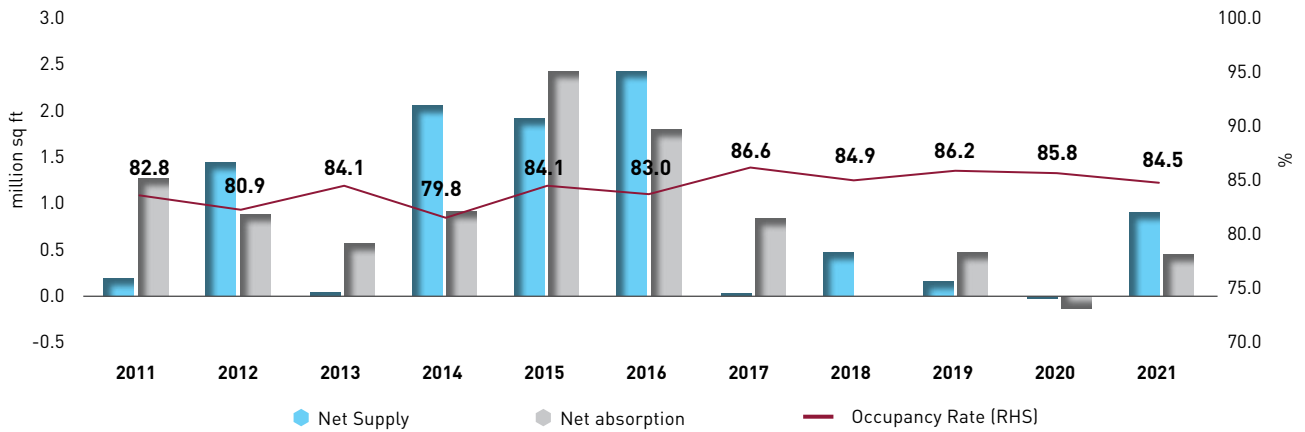
## Outlook for 2022

The outlook for the manufacturing sector remains bright; the manufacturing PMI has risen for the 19th month of expansion to reach 50.6 in January 2022. The evolution of Industry 4.0 and the increasing adoption of 5G technology in many countries will likely support the buoyancy of this market segment. High-specs industrial rents are likely to post an increase of 3% to 5% in 2022.

<sup>10</sup> The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.

**BUSINESS PARK**  
Demand and Supply

Net Supply, Net Absorption and Occupancy (Business Park)



Source: JTC

**Demand**

Net absorption of business park space reversed from -129,168 sq ft in 2020 to 452,088 sq ft in 2021, largely driven by rising demand for R&D operations. However, business park space demand was not sufficient to offset the new supply in 4Q 2021 and occupancies fell from 85.8% in 2020 to 84.5% in 2021.

**Supply**

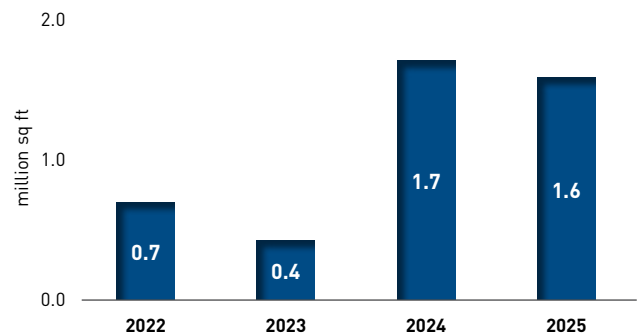
As at 4Q 2021, the total business park stock grew by 3.8% from 23.6 million sq ft in 2020 to 24.5 million sq ft in 2021, as compared to the slight 0.1% y-o-y decline experienced in 2020 despite construction delays. The largest project completed in 2021 is built-to-suit Grab Headquarters at 1, 3 Media Close with a NLA of 455,210 sq ft developed by Ascendas REIT. The property has achieved a Green Mark GoldPlus certification.

**Potential Supply**

As at 4Q 2021, the supply pipeline for business park from 2022 to 2026 is projected to be around 4.6 million sq ft (NLA) with approximately 16% of the pipeline to be completed in 2022.

The most significant pipeline supply of business park space 2 is the development of a 2 million sq ft NLA of business park by JTC that anchors business innovation and activity at the Punggol Digital District (PDD). PDD brings together the Singapore Institute of Technology (SIT)'s campus and JTC's Business Park spaces within Punggol North. PDD will not just house the key growth industries of the digital economy such as cybersecurity and digital technology but will also be an inclusive and green lifestyle destination for the surrounding community. It will be Singapore's first business park powered by the Open Digital Platform, an operating system integrating smart city solutions to deliver a centralised management.

Business Park Supply Pipeline from 2022-2025



Source: JTC

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## Projected New Supply of Top 5 Major Private Business Park Developments

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Business park developments</b>					
SPRINT Plot 1 TM	Science Park Drive	Central	1.0	PP: October 2020	2025
Surbana Jurong Campus	Cleantech Loop	West	0.4	Under construction	2022
Elementum	North Buona Vista Drive	Central	0.3	Under construction	2023
Science Park Property Trustee	Science Park Drive	Central	0.3	Under construction	2023
Kajima Development	Changi Business Park Crescent	East	0.1	Under construction	2025

Sources: JTC, EDMUND TIE Research

## Projected New Supply of Major Public Business Park Developments

Developer/development	Location	Region	NLA million sq ft	Status	Expected Completion
<b>Business park developments</b>					
JTC Punggol Digital District (Phase 1)	Punggol Way	North-East	1.5	Under construction	2024
JTC Punggol Digital District (Phase 2)	Punggol Way	North-East	0.6	Under construction	2025
CleanTech Three	Cleantech Loop	West	0.2	Under construction	2022

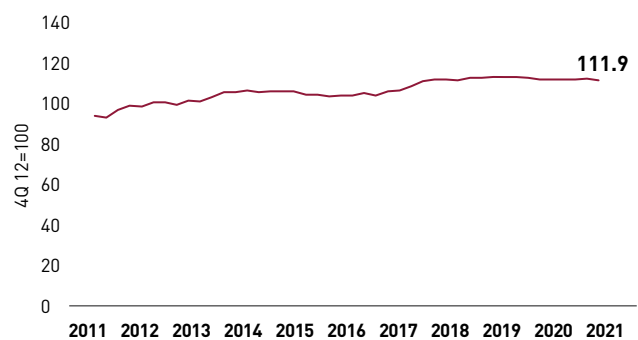
Sources: JTC, EDMUND TIE Research

## Rental Values

Given the recovery in demand, JTC's rental index for business park decreased by 0.2% between 4Q 2020 to 4Q 2021, a smaller decline compared to the decrease of 1.1% in business park rental index in 2020.

As at 4Q 2021, the 25th percentile, median and 75th percentile monthly rents for business park premises stood at S\$3.52, S\$4.13 and S\$4.53 per sq ft per month<sup>11</sup>. With the entrenchment of hybrid working models in 2021 and employees placing greater priorities on quality workspaces, it may have led to better demand and rental performance for higher quality spaces.

## JTC Industrial Rental Index (Business Park)



Source: JTC

<sup>11</sup> The rental data refer to contracted gross rent per month as declared by tenants to IRAS through its e-Stamping system. Contracted gross rent includes the base rent and all charges in connection with the lease (such as additional rent, service charge, payment for hire of fittings or equipment, fees for advertising and promotion). It may or may not include any rent-free period and other incentives.

### Key Investment Transactions

A total of three business parks deals were transacted in 2021, each of which was a mega deal valued above S\$100 million. The largest business park deal by quantum in 2021

was Ascendas Reit's acquisition of the remaining 75% stake in Galaxis, a business park located in One-North, for about S\$534.4 million from CapitaLand. It was also the largest industrial deal by quantum in 2021.

### Key Details of Three Mega Business Park Deals In 2021

Quarter sold	Development	Property Type	Gross Floor Area/ Land Area (sq ft)	Remaining tenure, yrs	Purchase price		Purchaser	Seller
					S\$ million	S\$ psf		
1Q 2021	20 - 23 Rochester Park	Business Park	138,367	25	144.8	1,046 land area	Unknown	Unknown
2Q 2021	Galaxis (75% stake)	Business Park	655,899	51	534.4	815 NLA	Ascendas Reit	CapitaLand
4Q 2021	TUV SUD PSB Building	Business Park	342,894	58	103.2	301 land area	Ascendas Reit and CapitaLand Development (CLD) JV	Ascendas Reit

Sources: EDMUND TIE Research

### Investment Volume

According to EDMUND TIE Research, total business park sales (each worth at least S\$10 million) valued at nearly S\$800 million were transacted in 2021, compared to S\$300.8 million in 2020.

### Outlook for 2022

As the economy continues to grow in 2022, demand for business park spaces by biomedical research &

development, technology and e-commerce companies will increase. Stronger commitment rates for upcoming supply will mitigate the supply pressure. Quality business park space remains as an attractive alternative to office space in prime locations and rents of well-located business parks are expected to recover by 0% to 1% in 2022 in tandem with the prime office market.

# SINGAPORE INDUSTRIAL PROPERTY MARKET OVERVIEW

## TERMS OF REFERENCE

EDMUND TIE was appointed by ESR-REIT on 3 January 2022 to provide a Singapore Industrial Market Overview for ESR-REIT Annual Report FY 2021. This report includes overview of Singapore's economy, recent government policies/initiatives and its impact on the industrial property market, Government Land Sales, as well as Singapore Industrial property overview by Factory, Warehouse, High-Specs Industrial and Business Park.

## LIMITING CONDITIONS

These are the general principles upon which our consultancy reports are normally prepared. These limiting conditions apply unless we have specifically mentioned otherwise in the report itself.

### Confidentiality

The consultancy report is confidential to the party to whom it is addressed. Edmund Tie & Company (SEA) Pte Ltd or persons involved in the preparation of this report (hereinafter referred to as "we" or "us") disclaims all responsibility and will accept no liability to any other party. Neither the whole nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communications with third parties, without our prior written consent of the form or context in which it will appear.

### Court Attendance

We are not required to give testimony or attendance in Court by reason of this report without previous arrangements.

### Maximum Liability

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

### Source of Information

We have relied on information provided to us by the sources listed, as to details of tenure, planning consents and other relevant matters, as summarised in our report.

Where it is stated in the report that information has been supplied to us in the preparation of this report by the sources listed, this information is believed to be reliable and we will accept no responsibility if this should be otherwise. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

## Documentation

We do not normally read leases or documents of title and, where appropriate, we recommend that lawyers' advice on these aspects should be obtained. We assume, unless otherwise informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature which will have an effect on the value of the interest under consideration.

## Tenants

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are evaluated with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under lease and that there are no arrears of rent or undisclosed breaches of covenants.

## Outstanding Debts

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowances for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

## Site Conditions

We do not carry out site investigations to determine the suitability of ground conditions and the services. Unless we are informed otherwise, our consultancy report is on the basis that these aspects are satisfactory and where development is proposed, no extraordinary expenses or delays will be incurred during the development period.

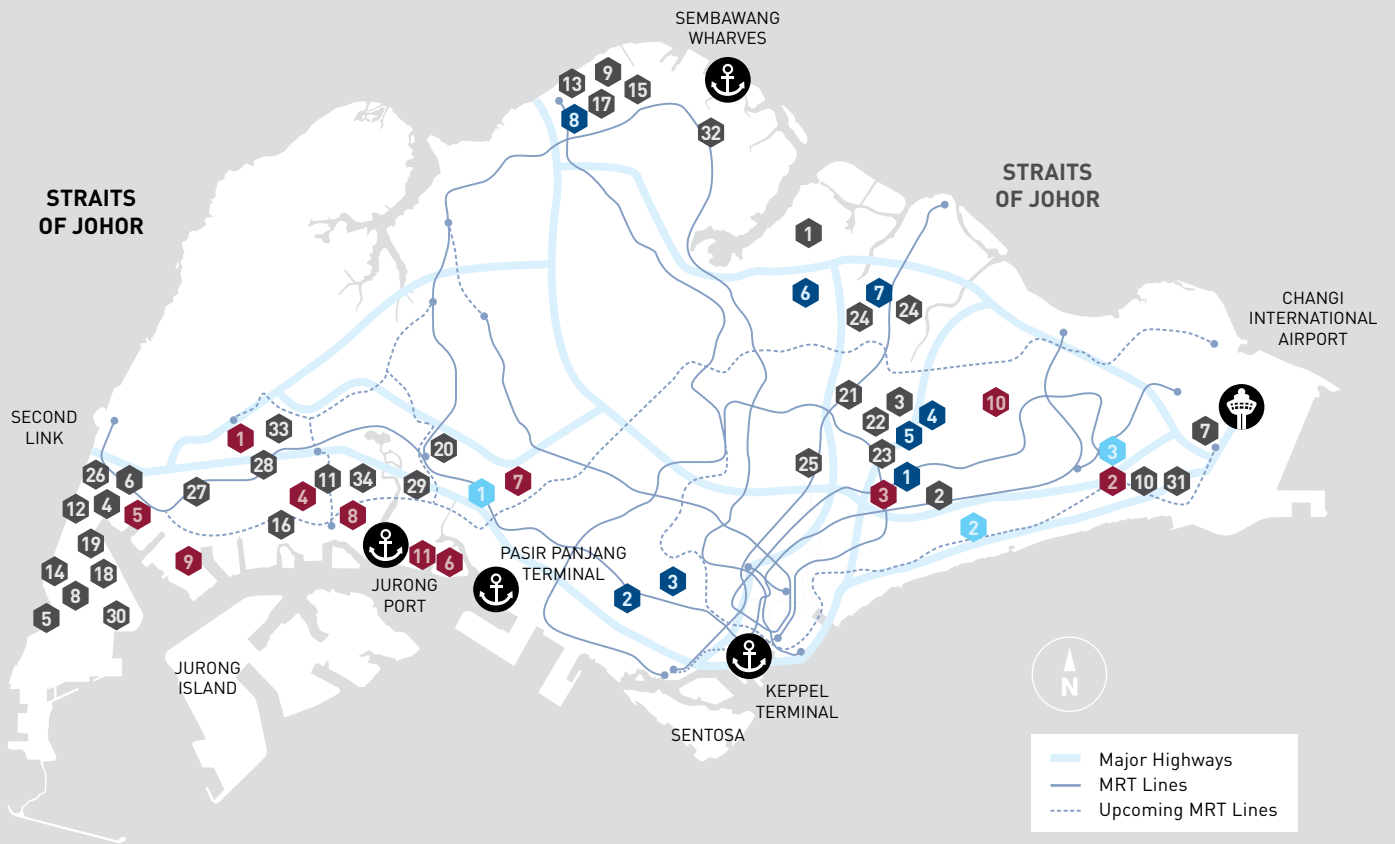
## Structural Surveys

Unless expressly instructed, we do not carry out any structural survey, nor do we test the mechanical/electrical or other services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our consultancy report, we are not able to give any assurance that any property is free from defect.

## Market Conditions

Utmost care and due diligence has been taken in the preparation of this report. We believe that the contents are accurate and our professional opinion and advice are based on prevailing market conditions as at the date of the report. As market conditions do change, we reserve the right to update our opinion, forecasts and advice based on the latest market conditions.

# 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 4 & 6 Clementi Loop
- 8 24 Jurong Port Road
- 9 3 Pioneer Sector 3
- 10 15 Greenwich Drive
- 11 46A Tanjong Penjuru

## 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 54 Serangoon North Avenue 4
- 25 11 Lorong 3 Toa Payoh
- 26 120 Pioneer Road
- 27 5 & 7 Gul Street 1
- 28 160A Gul Circle
- 29 30 Teban Gardens Crescent
- 30 8 Tuas South Lane
- 31 45 Changi South Avenue 2
- 32 511 & 513 Yishun Industrial Park A
- 33 86 & 88 International Road
- 34 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



**LOGISTICS/WAREHOUSE**



**4** 6 Chin Bee Avenue



**5** 30 Pioneer Road



**6** 48 Pandan Road



**7** 4 & 6 Clementi Loop



**8** 24 Jurong Port Road



**9** 3 Pioneer Sector 3



**10** 15 Greenwich Drive



**11** 46A Tanjong Penjur

**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



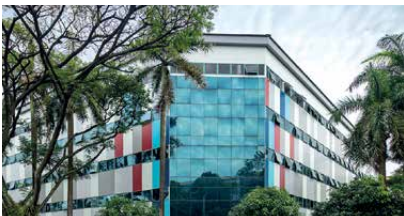
10 31 Changi South Avenue 2



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

**GENERAL INDUSTRIAL** >>



**22** 130 Joo Seng Road



**23** 136 Joo Seng Road



**24** 54 Serangoon North Avenue 4



**25** 11 Lorong 3 Toa Payoh



**26** 120 Pioneer Road



**27** 5 & 7 Gul Street 1



**28** 160A Gul Circle



**29** 30 Teban Gardens Crescent



**30** 8 Tuas South Lane



**31** 45 Changi South Avenue 2



**32** 511 & 513 Yishun Industrial Park A



**33** 86 & 88 International Road



**34** 13 Jalan Terusan

## PORTFOLIO DETAILS

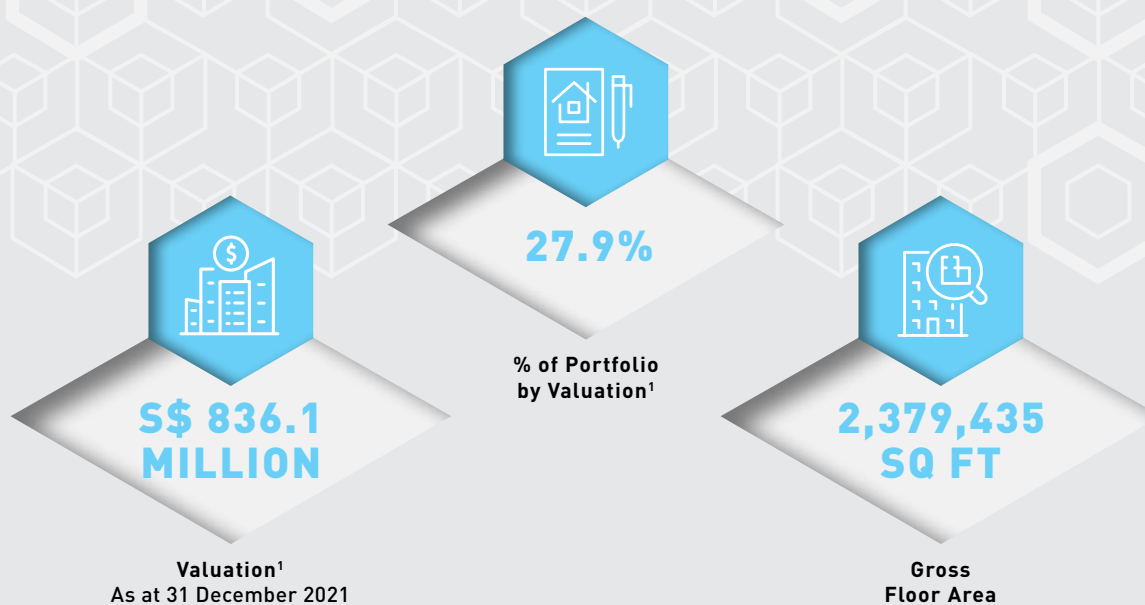
### BUSINESS PARKS

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 @ Changi

	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 July 2056
2	750 to 750E Chai Chee Road	Multi-tenanted	1,526,762	1,134,988	60 43	31 March 2031 28 February 2031
3	6 & 8 Changi Business Park Avenue 1 (Business Park) 2 & 4 Changi Business Park Avenue 1 (Hotel)	Multi-tenanted	626,018 157,397	652,323	30+30	31 January 2068



Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$million)	Occupancy As at 31 December 2021 (%)	Rental Income As at 31 December 2021 (S\$million)	Valuation As at 31 December 2021 (S\$million)
34.6	19 December 2014	30.4	100.0	2.1	32.5
9.3	15 October 2018	322.2	81.0	37.0	257.6
9.2				16.5	
46.1	15 October 2018	531.0	67.0	9.7	546.0

<sup>1</sup> 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

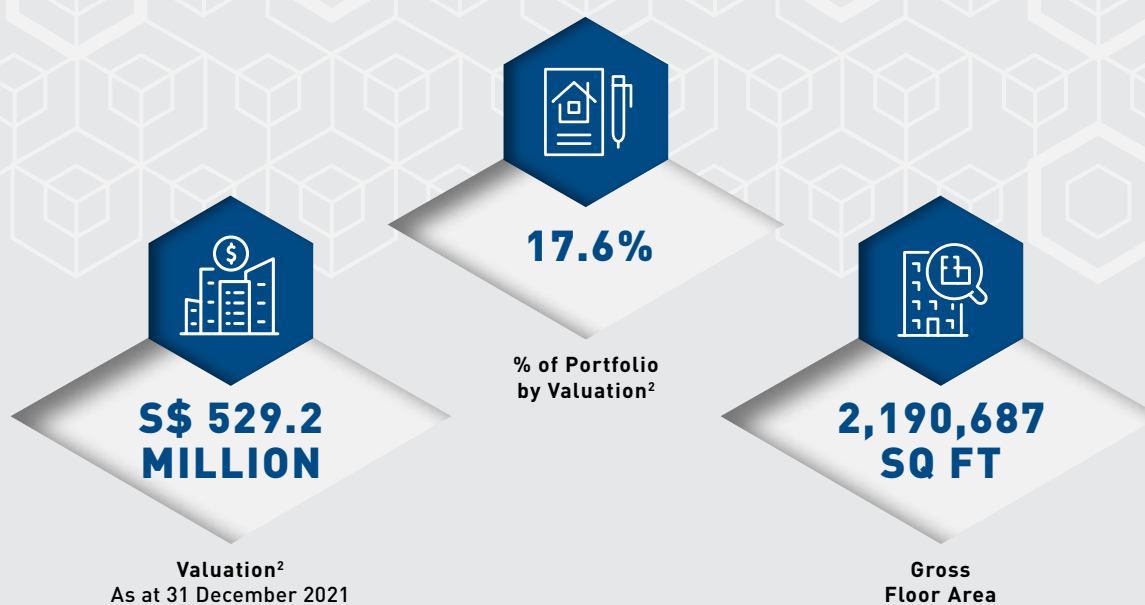
High-specs industrial facilities are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings have modern facades, air-conditioned units and sufficient floor loading, ceiling height and electrical power capacities to enable both manufacturing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



2 Jalan Kilang Barat

	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	148,301	30+30	31 January 2057
2	2 Jalan Kilang Barat	Multi-tenanted	82,652	67,667	99	30 June 2062
3	11 Chang Charn Road	Multi-tenanted	97,546	73,745	99	31 December 2056
4	16 Tai Seng Street	Multi-tenanted	215,666	182,353	30+30	3 July 2067
5	19 Tai Seng Avenue	Multi-tenanted	120,556	101,114	30+30	10 September 2067
6	12 Ang Mo Kio Street 65	Multi-tenanted	180,424	165,268	30+30	15 October 2050
7	7000 Ang Mo Kio Avenue 5 <sup>1</sup>	Multi-tenanted	1,073,233	819,323	32+30	29 January 2057
8	30 Marsiling Industrial Estate Road 8	Multi-tenanted	217,840	187,055	30+30	30 November 2049

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



Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$million)	Occupancy As at 31 December 2021 (%)	Rental Income As at 31 December 2021 (S\$million)	Valuation As at 31 December 2021 (S\$million)
35.1	25 July 2006	25.0	82.4	3.0	36.5
40.5	25 July 2006	20.0	100.0	1.9	28.8
35.0	31 March 2014	32.0	39.3	1.0	28.1
45.5	29 May 2012	72.9	40.2	2.6	58.5
45.7	15 October 2018	47.5	76.0	1.1	49.3
28.8	13 September 2014	39.8	90.7	2.3	37.0
35.1	13 December 2017	240.0	96.9	24.3	306.2
27.9	24 October 2012	39.0	100.0	4.3	46.0

<sup>2</sup> 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.

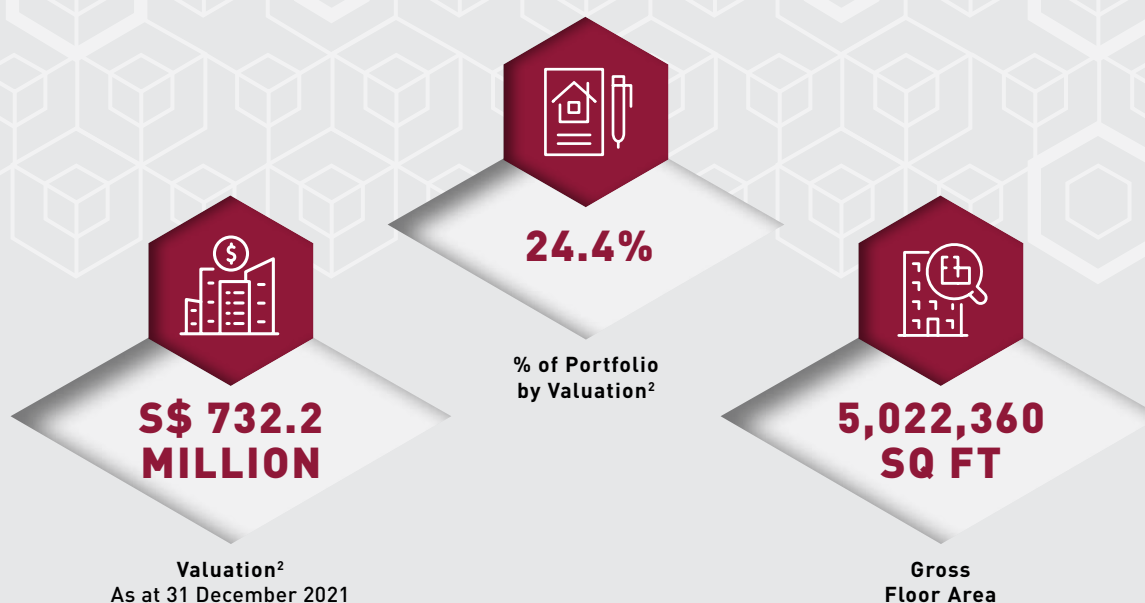


46A Tanjong Penjuru

	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 and 4 Fourth Lok Yang Road	Master lease	114,111	114,111	30	15 December 2031
2	25 Changi South Avenue 2	Master lease	72,998	72,998	30+30	15 October 2054
3	160 Kallang Way	Master lease	322,604	322,604	30+30	15 February 2033
4	6 Chin Bee Avenue	Master lease	324,166	324,166	30.0	15 October 2043
5	30 Pioneer Road	Master lease	281,101	281,101	30.0	15 February 2037
6	48 Pandan Road <sup>1</sup>	Master lease	1,093,415	1,009,578	24	31 October 2043
7	4/6 Clementi Loop	Multi-tenanted	300,920	247,793	30+30	30 September 2053
8	24 Jurong Port Road	Multi-tenanted	817,021	713,383	30+12	28 February 2037
9	3 Pioneer Sector 3	Multi-tenanted	716,510	645,534	30+30	15 December 2050
10	15 Greenwich Drive	Multi-tenanted	455,396	453,006	30	15 December 2041
11	46A Tanjong Penjuru	Multi-tenanted	524,120	530,551	30+14	30 April 2050

<sup>1</sup> 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.





Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$million)	Occupancy As at 31 December 2021 (%)	Rental Income As at 31 December 2021 (S\$million)	Valuation As at 31 December 2021 (S\$million)
10.0	25 July 2006	12.4	100.0	1.2	10.3
32.8	25 July 2006	7.3	100.0	1.0	12.0
11.1	25 July 2006	23.2	100.0	2.7	24.4
21.8	15 October 2018	93.3	100.0	7.8	96.4
15.1	15 October 2018	54.0	100.0	3.6	41.4
21.8	7 August 2019	225.0	100.0	1.3	227.7
31.8	13 June 2011	63.4	92.0	3.3	39.2
15.2	25 July 2006	96.0	97.5	6.7	85.7
29.0	25 July 2006	93.4	93.0	7.3	98.1
20.0	25 October 2018	95.8	100.0	7.3	93.5
28.3	29 June 2021	112.0	100.0	4.0	119.6

<sup>2</sup> 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

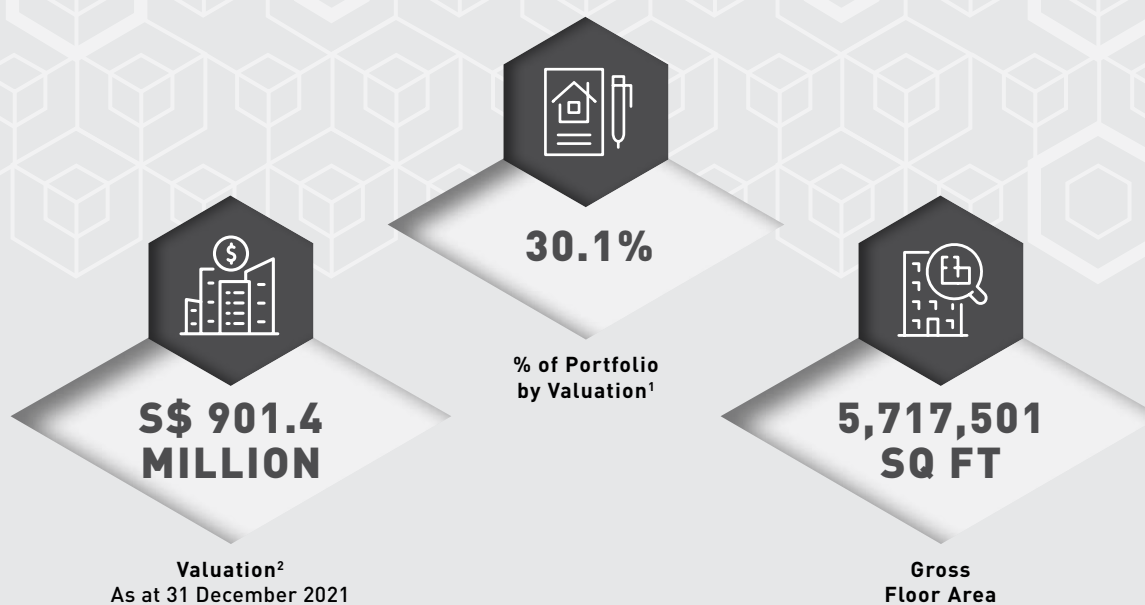
### GENERAL INDUSTRIAL

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



88 International Road

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
1	70 Seletar Aerospace View	N.A.	53,729	53,729	30	15 October 2041
2	11 Ubi Road 1	Master lease	253,058	253,058	Plot 1: 30+30 Plot 2: 21+30	31 August 2055
3	29 Tai Seng Street	Master lease	85,070	85,070	30+30	30 April 2067
4	81 Tuas Bay Drive	Master lease	107,567	107,567	60	18 July 2066
5	79 Tuas South Street 5	Master lease	67,942	67,942	30+30	31 January 2060
6	31 Tuas Avenue 11	Master lease	75,579	75,579	30+30	31 March 2054
7	1 Changi North Street 2	Master lease	125,870	125,870	30+30	28 February 2061
	2 Changi North Street 2	Master lease			30+30	22 November 2065
8	9 Tuas View Crescent	N.A.	71,581	71,581	30+30	15 July 2058
9	28 Senoko Drive	Master lease	159,338	159,338	30+30	15 December 2039
10	31 Changi South Avenue 2	Master lease	59,697	59,697	30+30	28 February 2055
11	22 Chin Bee Drive	N.A.	120,653	120,653	30	15 September 2035



Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$million)	Occupancy As at 31 December 2021 (%)	Rental Income As at 31 December 2021 (S\$million)	Valuation As at 31 December 2021 (S\$million)
19.8	22 November 2012	8.5	N.A.	0.5	7.0
33.7	15 October 2018	83.9	100.0	7.1	87.5
45.4	15 October 2018	32.9	100.0	2.4	35.5
44.6	15 October 2018	28.0	100.0	1.9	28.0
38.1	30 April 2008	10.4	100.0	0.6	10.7
32.3	25 July 2006	8.7	100.0	0.6	12.1
39.2	19 October 2010	22.1	100.0	1.4	22.4
43.9					
36.6	25 July 2006	5.6	N.A.	0.1	10.0
18.0	25 June 2007	12.0	100.0	1.8	13.1
33.2	27 July 2007	5.8	100.0	1.0	13.3
13.7	28 September 2010	15.0	N.A.	N.A.	13.9

<sup>1</sup> 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.

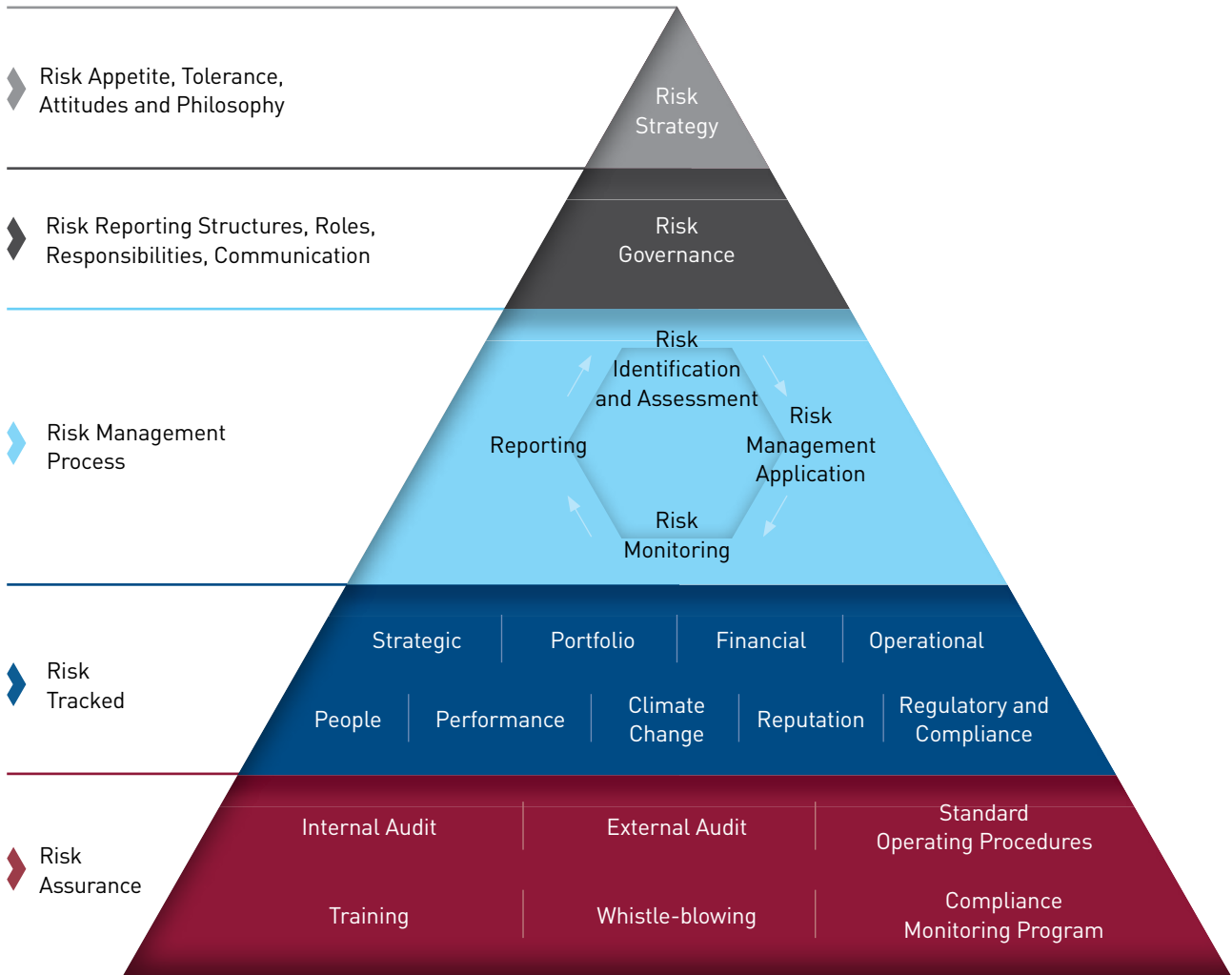
## PORTFOLIO DETAILS

	Address	Lease Type	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Land Tenure (years)	Land Lease Expiry
12	2 Tuas South Avenue 2	Master lease	217,351	217,351	60	3 January 2059
13	21B Senoko Loop	N.A.	195,823	195,823	30+30	31 January 2053
14	60 Tuas South Street 1	Master lease	44,675	44,675	30	15 March 2035
15	28 Woodlands Loop	Master lease	131,859	131,859	30+30	15 October 2055
16	25 Pioneer Crescent	Master lease	76,003	76,003	30+28	31 January 2067
17	11 Woodlands Walk	Master lease	96,625	96,625	30+30	15 October 2055
18	43 Tuas View Circuit	Master lease	122,836	122,836	30	31 January 2038
19	3 Tuas South Avenue 4	Master lease	315,522	315,522	30+30	30 April 2059
20	30 Toh Guan Road	Multi-tenanted	332,001	286,515	30+30	15 August 2055
21	128 Joo Seng Road	Multi-tenanted	92,849	74,133	30+30	30 April 2052
22	130 Joo Seng Road	Multi-tenanted	118,320	91,945	30+30	30 November 2051
23	136 Joo Seng Road	Multi-tenanted	101,321	78,189	30+30	30 September 2050
24	54 Serangoon North Avenue 4	Multi-tenanted	139,249	117,113	30+30	15 June 2056
25	11 Lorong 3 Toa Payoh	Multi-tenanted	418,586	348,103	60	15 May 2029
26	120 Pioneer Road	Multi-tenanted	248,037	215,970	30+28	15 February 2055
27	5/7 Gul Street 1	Multi-tenanted	98,864	87,201	29.5	30 September 2037
28	160A Gul Circle	Multi-tenanted	86,075	80,203	27	29 September 2040
29	30 Teban Gardens Crescent	Multi-tenanted	139,525	119,577	10+22	31 May 2039
30	8 Tuas South Lane	Multi-tenanted	781,124	735,412	30+16	31 March 2054
31	45 Changi South Avenue 2	Multi-tenanted	73,684	64,215	30+30	31 August 2055
32	513 Yishun Industrial Park A	Multi-tenanted	224,689	200,217	30+30	30 November 2053
	511 Yishun Industrial Park A	Multi-tenanted			29+30	31 May 2054
33	86/88 International Road	Multi-tenanted	237,229	237,229	30+30	15 December 2054
34	13 Jalan Terusan	Multi-tenanted	245,172	229,984	28	24 March 2035

Remaining Term of Land Lease (years)	Acquisition Date	Purchase Price/ Development Cost (S\$million)	Occupancy As at 31 December 2021 (%)	Rental Income As at 31 December 2021 (S\$million)	Valuation As at 31 December 2021 (S\$million)
37.0	25 July 2006	23.0	100.0	2.7	36.7
31.1	28 January 2008	27.8	N.A.	1.1	22.8
13.2	29 June 2011	6.4	100.0	0.5	4.1
33.8	25 July 2006	13.0	100.0	1.7	17.3
45.1	29 March 2012	15.3	100.0	1.3	16.4
33.8	29 October 2012	17.3	100.0	1.3	17.6
16.1	21 September 2012	13.5	100.0	1.7	17.4
37.4	19 March 2013	15.0	100.0	2.5	43.2
33.6	25 July 2006	35.0	96.7	5.4	60.8
30.4	25 June 2007	10.0	96.5	1.3	11.7
29.9	25 July 2006	12.0	100.0	1.7	15.3
28.8	25 July 2006	10.3	100.0	1.3	12.6
34.5	1 March 2013	21.0	99.4	2.1	22.9
7.4	15 October 2018	60.0	75.0	8.3	48.7
33.1	24 October 2007	31.1	83.8	2.2	36.5
15.8	15 July 2011	14.5	62.7	0.9	13.9
18.8	13 May 2015	19.1	81.8	1.1	13.7
17.4	17 March 2014	41.0	100.0	1.7	30.5
32.3	13 December 2017	106.1	100.0	5.8	103.7
33.7	25 July 2006	8.3	67.9	0.8	10.7
31.9 32.4	30 November 2010	32.6	79.3	1.1	25.9
33.0	25 July 2006	30.8	100.0	3.2	40.5
13.2	30 January 2013	43.0	100.0	2.9	25.0

# RISK MANAGEMENT

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



## RISK GOVERNANCE

The Board of Directors of the Manager (“Board”) is responsible for overseeing the REIT’s Enterprise Risk Management Framework and ensuring the establishment of the overall risk strategy, risk governance and internal control across the REIT and the Managers (the “Group”) to safeguard Unitholders’ interests and ESR-REIT’s assets. The ARCC supports the Board by providing dedicated oversight of risk management at the Board level, including the setting up of a robust internal control system, establishment of enterprise-wide risk management policies, processes and Risk Appetite Limits to ensure proactive management of key risks as well as accountability within the Group.

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

## 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. This framework provides a structured process for the Board and the Manager to establish risk-based strategies, identify potential risk issues that may affect the Group and manage these risks to an acceptable level.

### (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 the Group 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 Manager and ESR-PM (collectively, 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. Risk assessments are conducted once every 2 to 3 years with the involvement of ARCC members and the Management via top-down approach as well as bottom-up engagement with the employees of the Managers where key risks were identified, mapped and updated into the existing Key Risk and Control Matrix to ensure the ongoing relevance of the risks for the Group. In addition, the identified risks and controls are reviewed by the respective Head of Department 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 corresponding controls have been established 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, 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 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 prequalification 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.

## RISK MANAGEMENT

In addition, the Manager has put in place Business Continuity Plan (“BCP”) and Crisis Management Policy for any unforeseen events to allow for resumption of operations with minimal disruption and loss. Annual testing of the BCP is conducted to assess the readiness of relevant outsourced service providers and ensure all employees are familiar with their roles and responsibilities in the event of BCP activation.

In light of the COVID-19 pandemic, the Manager has been constantly monitoring the developments of the pandemic situation and implementing measures such as telecommuting and split teams arrangement for the employees to comply with the prevailing regulatory requirements while minimising disruptions to the operations.

### 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 technology (“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 employees abreast of any potential IT-related threats. Annual disaster recovery plan exercise is also conducted to ensure timely recoverability of IT systems.

### 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 establishes 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

ESR-REIT is exposed to currency risk arising from overseas investments. The Manager’s strategy is to hedge the majority of financial market-related exposures, taking into consideration the availability and corresponding cost of the hedge instruments.



### 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 has adhered to the ongoing requirements under the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS"). The maturities of debt facilities are also spread out to mitigate refinancing risks in a single financial year. In addition, the Manager places cash balances and establishes debt facilities with more than one reputable bank to reduce bank concentration risks.

#### (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 and identified talents 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. The Manager also carries out periodic employee engagement survey to gather feedback on the general sentiments among the employees.

#### (vii) Climate Change Risk

Risk arising from failure to understand and manage climate change effects may potentially impact value of the REIT's assets and result in sub-optimal investment decisions. Appropriate policies and procedures are put in place by the Manager to

minimise the actual and potential impact of climate change risks on the asset valuation and reputation of the REIT.

### (B) Risk Management Application

#### Compliance Matrix

Other risk management tools are used to manage risks besides the RAS and Key Risk & 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 is provided to equip the employees with the knowledge and skills to carry out their work. Internal bite-size training is also conducted for the purpose of information sharing, especially on changes relating to internal policies. Employees are encouraged to source for external training that relates to their field of expertise and/or is included in their 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

The Manager has put in place Policy on Whistleblowing to provide an avenue to all employees 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.

## RISK MANAGEMENT

### (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 Department 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, the Manager has formulated a Compliance Monitoring Framework using the Compliance Matrix as a base document. A risk assessment of all regulatory requirements impacting the Group is 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 is then 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 the Manager's risk management and internal control systems are adequate and effective, an annual internal control review based on the top risks identified in the Key Risk and Control Matrix is conducted by the Compliance department and the results are 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 update on the Managers' risks and compliance management activities.

# CORPORATE GOVERNANCE

ESR-REIT is a real estate investment trust, externally managed by 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 subtrust, 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 MAS to carry out REIT management activities under the Securities and Futures Act 2001 ("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 the 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 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 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-PM, 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 2021 ("FY 2021"), 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 were effective in FY 2021. 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	Chairperson 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

# CORPORATE GOVERNANCE

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

#### Board and Board Committees Composition

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

Composition of Board		Composition of Board Committees C- Chairman; M- Member		
Name	Designation	ARCC <sup>1</sup>	NRC <sup>2</sup>	EXCO <sup>3</sup>
Ms Stefanie Yuen Thio	Independent Non-Executive Chairperson	M	-	-
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	C	-
Mr Ooi Eng Peng	Non-Executive Director, Deputy Chairman	M	M	C
Mr Philip Pearce	Non-Executive Director	-	-	M
Mr Jeffrey Perlman	Non-Executive Director	-	M	M
Mr Tong Jinquan	Non-Executive Director	-	-	-
Mr Wilson Ang	Non-Executive Director	-	-	-
Mr Adrian Chui	Chief Executive Officer and Executive Director	-	-	M

1 The Audit, Risk Management and Compliance Committee ("ARCC") comprises 5 members, 4 of whom are independent directors. All members of the ARCC are non-executive Directors.

2 The Nominating and Remuneration Committee ("NRC") comprises 3 members and all members of the NRC are non-executive Directors.

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

### 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 by evaluating the impact of identified risks and opportunities on the Manager's strategies and business plans.

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, fundraising 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. 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, fundraisings etc. Members of the Board also meet periodically without the presence of the 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 FY 2021 is as follows.

	Board <sup>1</sup>	ARCC	NRC <sup>2</sup>	AGM <sup>3</sup>	EGM <sup>4</sup>
<b>Number of meetings held</b>	7	6	1	1	1
<b>Name of Director</b>					
Ms Stefanie Yuen Thio <sup>5</sup>	7	6	-	1	1
Mr Khor Un-Hun	7	6	-	1	1
Dr Leong Horn Kee	7	6	-	1	1
Mr Ronald Lim <sup>6</sup>	7	6	1	1	1
Mr Ooi Eng Peng <sup>5,6,7</sup>	7	6	1	1	1
Mr Philip Pearce	6	5*	-	1	1
Mr Jeffrey Perlman	6	5*	0	1	1
Mr Tong Jinquan <sup>8</sup>	0	0	-	0	0
Mr Wilson Ang	7	6*	-	1	1
Mr Adrian Chui	7	6*	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 22 April 2021.
- 4 Extraordinary general meeting held on 26 July 2021.
- 5 Ms Stefanie Yuen Thio replaced Mr Ooi Eng Peng as the Independent Non-Executive Chairperson on 1 July 2021.
- 6 Mr Ronald Lim replaced Mr Ooi Eng Peng as the Chairman of NRC on 1 July 2021.
- 7 Mr Ooi Eng Peng has been redesignated as Non-Executive Director and Deputy Chairman on 1 July 2021.
- 8 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 FY 2021.

# CORPORATE GOVERNANCE

## 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.

## 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 2021, 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.

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 Chairperson of the Board, to enable it to discharge its responsibilities effectively. Individual Director can seek independent professional advice with the consent of the Chairperson 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: 4 independent directors, 5 non-executive directors and 1 executive director. Non-executive directors make up a majority of the Board. The Chairperson of the Board is Ms Stefanie Yuen Thio, who is an independent director. As such, no lead independent director is appointed.

The Manager noted that the current Board composition does not comply with 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. As ESR-REIT is in the middle of a merger transaction with ARA Logos Logistics Trust (the “Merger”), and the Merger transaction is targeted to be completed in the first half of 2022, the NRC will review the composition of the board of directors as may be appropriate to align with the enlarged REIT’s future strategic direction, focus and corporate governance best practices. Such corporate governance practices include, amongst others, compliance with SFA regulations and MAS guidelines relating to the independence of the directors on the board of the Manager and the duty of the Manager to take all necessary steps to avoid conflicts of interest and to act in the best interests of Unitholders (including, without limitation, the SFA, the Securities and Futures (Licensing and Conduct of Business) Regulations, the CG Code and the accompanying Practice Guidance, and the Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management [Guideline No. SFA04-G07] issued by the MAS on 1 January 2016).

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 are appropriate and provide 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.

The Manager noted that with effect from 1 January 2022, SGX Rule 710A requires the Manager to disclose (a) the target to achieve diversity on its Board; (b) the accompanying plans and timelines for achieving the targets; and (c) the progress towards achieving the targets within the timelines. As the REIT is in the middle of the Merger transaction, NRC will also consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board in terms of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service etc when reviewing the composition of the board of directors for the enlarged REIT in the second half of 2022, post the Merger transaction to better support the achievement of the REIT’s strategic objectives and its sustainable development.

### **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 are tabled to the Board for Board’s consideration on the independence of the directors.

## CORPORATE GOVERNANCE

For the purpose of Regulation 13E(b) of SF(LCB) Regulations, the Board, 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 FY 2021	had been independent from any business relationship with the Manager and ESR-REIT during FY 2021	had been independent from every substantial shareholder of the Manager and every substantial unitholder of ESR-REIT during FY 2021	had not been a substantial shareholder of the Manager or a substantial unitholder of ESR-REIT during FY 2021	had not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY 2021
Ms Stefanie Yuen Thio	✓	✗ <sup>1</sup>	✗ <sup>2</sup>	✓	✓
Mr Khor Un-Hun	✓	✓	✓	✓	✓
Dr Leong Horn Kee	✓	✓	✓	✓	✓
Mr Ronald Lim	✓	✓	✓	✓	✓
Mr Ooi Eng Peng <sup>3</sup>	✓	✓	✓	✓	✗
Mr Philip Pearce <sup>4</sup>	✗	✓	✗	✓	✓
Mr Jeffrey Perlman <sup>5</sup>	✗	✓	✗	✓	✓
Mr Tong Jinquan <sup>6</sup>	✗	✓	✗	✗	✓
Mr Wilson Ang <sup>7</sup>	✓	✓	✗	✓	✓
Mr Adrian Chui <sup>8</sup>	✗	✓	✗	✓	✓

- Ms Yuen Thio is the joint managing partner and a substantial shareholder of TSMP Law Corporation ("TSMP"). The Manager has engaged TSMP to be the legal counsel to act for ESR-REIT and the Manager for a proposed transaction. As TSMP would be paid legal fees as legal counsel for both ESR-REIT and the Manager for the proposed transaction, Ms Yuen Thio would be considered to have a business relationship with both ESR-REIT and the Manager. In addition, Ms Yuen Thio is an independent non-executive director and the chairwoman of the audit committees of both ARA Business Trust Management (USH) Pte Ltd (Manager of ARA US Hospitality Management Trust ("ARA H-BT")) and ARA Trust Management (USH) Pte Ltd (Manager of ARA US Hospitality Property Trust ("ARA H-REIT")) (collectively, the "ARA H-Trust Managers"). Per ARA US Hospitality Trust FY 2020 Annual Report, Ms Yuen Thio had received S\$90,000 in cash from the ARA H-Trust Managers as payment of her directors' fees for the financial year ended 31 December 2020. After the completion of ESR Cayman Limited's acquisition of ARA Asset Management Limited ("ARA") (the "Acquisition") on 20 January 2022, the ARA H-Trust Managers have become subsidiaries of ESR Cayman Limited and therefore related corporations of the Manager. As such, the ARA H-Trust Managers are considered "relevant persons" under Regulation 13G of the SF(LCB) Regulations and Ms Yuen Thio would be considered to have a business relationship with the Manager if she receives payment from the ARA H-Trust Managers. While the last payment of directors' fees Ms Yuen Thio received was when ARA H-Trust Managers were not related corporations of the Manager, Ms Yuen Thio remains a director of ARA H-Trust Managers and would be expected to continue to receive directors' fees from the ARA H-Trust Managers after the completion of the Acquisition, and she would thereby be considered to have a business relationship with the Manager.
- ESR Cayman Limited is a substantial shareholder of the Manager and a substantial unitholder of ESR-REIT, and hence it will be considered a "relevant person" for the purpose of Regulation 13(H)(1) of the SF(LCB) Regulations. Following the Acquisition, the ARA H-Trust Managers have become subsidiaries of ESR Cayman Limited and therefore Ms Yuen Thio would be deemed to be connected to ESR Cayman Limited as she is a director of a related corporation of ESR Cayman Limited.
- Mr Ooi Eng Peng was appointed as a director of the Manager on 27 July 2012. He was redesignated as Non-Executive Director on 1 July 2021, before reaching his 9 years of service as a director of the Manager.
- 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.
- 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.
- 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.
- Mr Wilson Ang holds a directorship with Maxi Capital Pte. Ltd ("Maxi Capital"), a company in which he is a shareholder, and which is a related corporation of a substantial shareholder of the Manager, Shanghai Summit Pte. Ltd. As such, Mr Wilson Ang is deemed not to be independent. Maxi Capital is the indirect holding company of Viva Investment Management Pte Ltd, which was the previous 100% shareholder of Viva Industrial Trust Management Pte Ltd ("VITM"), the Manager of Viva Industrial Trust. VITM was acquired by the Manager in connection with the merger of ESR-REIT with Viva Industrial Trust and had recently been dissolved. Since the sale of VITM, Maxi Capital has been dormant.
- As CEO and Executive Director of the Manager, Mr Adrian Chui is considered employed by the Manager and deemed not to be independent.



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 FY 2021, the NRC has tabled the results of the assessment and made recommendation to the Board on the independence of each independent Director. Based on the results, save for Ms Stefanie Yuen Thio who would not be considered independent under Regulations 13D(7)(b)(ii) and 13D(7)(b)(iii) of the SF(LCB) Regulations, the following independent Directors have fulfilled the assessment of independence:

- Mr Khor Un-Hun
- Dr Leong Horn Kee
- Mr Ronald Lim

Notwithstanding Ms Stefanie Yuen Thio does not fulfil the conditions in Regulations 13D(7)(b)(ii) and 13D(7)(b)(iii) of the SF(LCB) Regulations to be considered independent, the Board and NRC are of the view that she is able to act in the best interests of all the Unitholders and that the relationships set out above did not impair her independence and objectivity, taking into consideration the following:

- (a) Ms Yuen Thio had been appointed independent non-executive director of the Manager before ARA H-Trust Managers became related corporations of the Manager. She had been independent prior to the Acquisition, and the NRC and Board have opined that she can continue to perform the role with the requisite independence without her judgment and independence being affected by the change of ultimate shareholder of ARA H-Trust Managers as a consequence of the Acquisition and even though the ARA H-Trust Managers have subsequently become related corporations of the Manager and ESR Cayman Limited following the Acquisition.
- (b) Given that the investment mandates of ESR-REIT and ARA H-BT and ARA H-REIT (collectively, the "ARA H-Trust") do not overlap, there is little risk of a conflict of interest that would compromise Ms Yuen Thio's ability to act in the best interests of the Unitholders. In addition, Ms Yuen Thio does not sit on the Board of ESR Cayman Limited or ARA H-Trust's sponsor, ARA Asset Management.

- (c) TSMP's legal services to ESR-REIT and the Manager are provided in the ordinary course of business, on arm's length basis and based on normal commercial terms. The legal fees which TSMP receives from ESR-REIT and the Manager are insubstantial in relation to TSMP's overall revenue, and Ms Yuen Thio does not personally represent ESR-REIT and the Manager in the proposed transaction and has abstained in ESR-REIT's selection and appointment of TSMP as legal counsel for the transaction.

Based on the above, the Board and the NRC are of the view that Ms Stefanie Yuen Thio is an independent Director.

For the purposes of Regulation 13E(b)(ii) of the SF(LCB) Regulations, the Board is satisfied that, as at the last day of FY 2021, Ms Stefanie Yuen Thio, 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.

### Principle 3: Chairperson and Chief Executive Officer

The positions of the Chairperson and the CEO of the Manager are held by separate individuals to ensure a clear division of responsibilities. The Non-Executive Independent Chairperson is Ms Stefanie Yuen Thio, whereas the CEO is Mr Adrian Chui. The Chairperson 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 Chairperson leads the Board discussion while fostering a culture of openness and debate that renders the Board effective. She facilitates active contributions by the Directors and promotes high standards of corporate governance and transparency. The Chairperson 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.

# CORPORATE GOVERNANCE

## Principle 4: Board Membership

### Nominating and Remuneration Committee

The NRC comprises 3 Non-Executive directors. They are:

1. Mr Ronald Lim (Chairman)
2. Mr Ooi Eng Peng (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 reappointment 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 reappointment 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 FY 2021.

### 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 [x] to [x] 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 reappointment 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 both the Chairperson of the Board and 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 FY 2021, the outcome of the evaluation was satisfactory. No external facilitator was engaged in the evaluation process.

## 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):

- 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 Chairperson 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

#### b) Reflects Business Realities

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

## CORPORATE GOVERNANCE

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 may 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 maximise Unitholders' value. The LTI payout is conditional upon the achievement of predetermined 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 FY 2021, 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 FY 2021 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 FY 2021. 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 FY 2021:

Board Members	Membership	Directors' Fees Paid in FY 2021	Other Fees Paid in FY 2021
Ms Stefanie Yuen Thio <sup>1</sup>	Independent Non-Executive Chairperson	S\$121,000	N.A.
Mr Khor Un-Hun	Independent Non-Executive Director	S\$98,771	N.A.
Dr Leong Horn Kee	Independent Non-Executive Director	S\$90,000	N.A.
Mr Ronald Lim <sup>2</sup>	Independent Non-Executive Director	S\$103,500	N.A.
Mr Ooi Eng Peng <sup>3</sup>	Non-Executive Director, Deputy Chairman	S\$129,090	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 <sup>4</sup>	Non-Executive Director	S\$75,000	N.A.
Mr Adrian Chui	CEO and Executive Director	N.A.	N.A.

The table below sets out the remuneration<sup>5</sup> paid to the CEO and the KMP in FY 2021. The total remuneration for the CEO and the KMP in FY 2021 was S\$2.88 million.

Remuneration of CEO	Fixed Compensation + Statutory Contribution (%)	Short-term Incentives + Statutory Contribution (%)	Long-term Incentives (%)	Total (%)
Between S\$750,000 and S\$1,000,000				
Mr Adrian Chui	72	28	0	100

Remuneration of KMP	Fixed Compensation + Statutory Contribution (%)	Short-term Incentives + Statutory Contribution (%)	Long-term Incentives (%)	Total (%)
Mr Lawrence Chan	72	28	0	100
Ms Nancy Tan	72	28	0	100
Ms Charlene-Jayne Chang	68	32	0	100
Ms Irene Phua	78	22	0	100
Ms Loy York Ying	73	27	0	100

1 Redesignated as Independent Non-Executive Chairperson on 1 July 2021.

2 Appointed as the Chairman of NRC on 1 July 2021.

3 Redesignated as Non-Executive Director and Deputy Chairman on 1 July 2021. Mr Ooi Eng Peng stepped down as the Chairman of NRC on 1 July 2021 while continuing as a member of both the NRC and the ARCC, as well as the Chairman of the EXCO.

4 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 the Manager. 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 the Manager even though he is not a representative of any of the shareholders of the Manager. 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.

5 The amount disclosed includes base salary, allowances, employer's CPF contribution and bonus declared for FY 2021.

The Board 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 the 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 FY 2021.

During FY 2021, there were 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 Board 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 the

exact remuneration amount of each individual Director and the CEO on a named basis and the remuneration of at least the top five KMP (who are neither Directors nor the CEO) in bands of S\$250,000. In the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure.

The Board has assessed and decided to disclose the CEO's remuneration in bands of S\$250,000 (instead of the exact quantum) and not to disclose the remuneration of the top five KMP (excluding the CEO) of the Manager in bands of S\$250,000. 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;

## CORPORATE GOVERNANCE

- (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 CEO in exact quantum or KMP 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 in bands of S\$250,000 and the exact quantum of CEO's remuneration does not compromise the ability of the Manager to meet with requirement of having good corporate governance as the NRC, being an independent committee, reviews the remuneration package of the KMP based on their roles and responsibilities to ensure that the KMP are fairly remunerated.

The Manager is of the view that despite this partial deviation from Provision 8.1 of the CG Code, the above disclosures are consistent with the intent of Principle 8 of the CG Code and would provide sufficient information and transparency to the Unitholders on the Manager's remuneration policies, the level and mix of remuneration accorded to the CEO and KMP, and enable the Unitholders to understand the relationship between the REIT's performance, value creation and the remuneration of the CEO and KMP.

### 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 supports the Board by providing dedicated oversight of risk management at the Board level, including the setting up of a robust internal control system, establishment of enterprise-wide risk management policies, processes and Risk Appetite Limits to ensure proactive management of key risks (including strategic, portfolio, financial, operational, climate change, compliance and IT controls) 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.

The Board, through the ARCC, reviews the adequacy and effectiveness of the internal control policies and procedures, at least annually, to ensure robust risk management and internal control systems are maintained. 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.

More information on the ERM framework can be found in the "Risk Management" section on pages 92 to 96 of the Annual Report.

#### 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 the involvement of ARCC members and the Management via top-down approach as well as bottom-up engagement with the employees of the Managers where key risks were identified, mapped and updated into the existing Key Risk and Control Matrix to ensure the ongoing relevance of the enterprise-wide risks for both the REIT as well as the Manager. In addition, the identified risks would be addressed with mitigating controls and are reviewed by the respective Head of Department quarterly (or more frequently if the business environment warrants) and monitored by the ARCC and reported to the Board, to ensure the matrix stays relevant and effective.

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 with a stable income stream and achieving long-term growth in NAV 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.

#### **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 2021, 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 FY 2021 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 Department and IT Manager, to ensure relevance and controls are continuously in place for each risk;
  - quarterly 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;
  - quarterly 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 system and internal controls (including financial, operational, compliance and IT controls) were adequate and effective as at 31 December 2021 to address financial, operational, compliance and IT risks, which the

## CORPORATE GOVERNANCE

Manager considers relevant and material to ESR-REIT's operations. For FY 2021, 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 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 the majority of whom are independent. They are:

1. Mr Khor Un-Hun (Chairman)
2. Ms Stefanie Yuen Thio (Member)
3. Mr Ronald Lim (Member)
4. Dr Leong Horn Kee (Member)
5. Mr Ooi Eng Peng (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 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. 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. Mr Ooi Eng Peng is a Member of the Certified Practising Accountants of Australia.

The separation of the roles of the Chairperson 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, environmental 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;
- 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 FY 2021, 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 FY 2021, 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 matters identified by the external auditors for FY 2021:

Key Audit Matters	How this issue was addressed by ARCC
<b>Valuation of investment properties held directly or through joint venture</b>	<p>The ARCC considered the approach and methodology applied to the valuation model in assessing the fair values of the investment properties held directly or through joint venture. The financial statements adopted the fair values determined by the relevant independent valuers.</p> <p>The ARCC reviewed the reasonableness of the projected cash flows, the key assumptions used in deriving the valuations by comparing them against historical rates and available industry data (including 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 confirmations from the valuers and 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 investment properties held directly or through joint venture 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 FY2021. Please refer to page 155 of this Annual Report.</p>
<b>Valuation of investment in property fund</b>	<p>The ARCC considered the approach and methodology applied in assessing the valuation of the investment in ESR Australia Logistics Partnership ("EALP"), a private property fund comprising 36 predominantly freehold logistics properties all located in Australia. The financial statements adopted the fair value determined by the fair value measurement of the unquoted equity securities in accordance with the requirements of FRS 113 <i>Fair Value Measurement</i> and the underlying net assets of the property fund.</p> <p>The ARCC reviewed the reasonableness of EY Singapore's assessment of work performed by EY Australia on EALP's financial position to gather sufficient evidence over the appropriateness of the concluded fair value of ESR-REIT's investment in EALP. The ARCC noted that the investment in EALP is accounted for at fair value through profit or loss and the fair value of the investment is determined with reference to the net asset value of the property fund, which includes the underlying properties held that are measured at fair value. The ARCC also noted the key assumptions used in deriving the valuations, which include terminal yield, capitalisation and discount rates.</p> <p>The valuation of investment in property fund 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 FY2021. Please refer to page 155 of this Annual Report.</p>

Following the review and discussions, the ARCC recommended to the Board to approve the FY2021 financial statements.

# CORPORATE GOVERNANCE

## External Audit

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 FY 2021 was S\$971,000, of which audit and non-audit fees amounted to S\$328,000 and S\$643,000 respectively. The non-audit fees paid to EY were mainly for its role as the reporting accountants and tax advisors for the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust which was announced on 15 October 2021. 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 reappointment 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 reappointment 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.

## Whistleblowing 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 any external parties 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 whistleblowers.

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](http://www.esr-reit.com.sg/whistleblowing.html), to [whistleblowing@esr-reit.com.sg](mailto:whistleblowing@esr-reit.com.sg).

## 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 Market Disclosure 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 1967) 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 interconditional 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 COVID-19 situation and the related safe distancing measures implemented by the relevant regulatory authorities in Singapore in various period of 2021, the Manager has conducted its first hybrid Annual General Meeting on 22 April 2021 via a physical and

## CORPORATE GOVERNANCE

virtual meeting and a virtual EGM on 26 July 2021 to seek Unitholders' approval for the whitewash resolution in connection to the Preferential Offering. For both events, voting was solely done via appointing Chairman of the general meeting as proxy to vote on behalf of the ESR-REIT Unitholders. For more details on both these meetings, please refer to "Investor Engagement – Retail Investors Engagement" section on pages 41 to 42 of the Annual Report.

The Manager will be conducting the upcoming annual general meeting by hybrid means, and arrangements have been put in place to allow Unitholders to participate in the meeting. Please refer to the notice of annual general meeting dated 236 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 40 to 44 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 employees of the Property Manager.

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 equal to or 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 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 equal to or 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;
- target to have at least half of the Board comprised independent director;
- 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 director;
- all IPTs equal to or exceeding S\$100,000 in value 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;

## CORPORATE GOVERNANCE

- 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 FY 2021. 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 base 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 base fees payable in units is determined based on the volume weighted average price ("VWAP") for a unit for all trades on the SGX-ST in the ordinary course of trading for the 10 business days immediately preceding the end of the relevant calendar quarter.

#### (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 performance 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 (a) the VWAP for a unit for all trades on the SGX-ST in the ordinary course of trading for the 5 business days immediately before and after the end of the relevant financial year (i.e. 10-day VWAP in total) and (b) the gross asset value per unit as at the end of the relevant financial year.

#### 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 (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.

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 a related party or divestment of assets to a related party, such fees are to be paid in the form of units where the issue price is determined based on the VWAP for a unit for all trades on the SGX-ST in the ordinary course of trading for the 10 business days immediately preceding the date of completion of the acquisition or divestment. 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 DPU of ESR-REIT, this ensures that the related party transaction contributes to Unitholders' returns.

# CORPORATE GOVERNANCE

## **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 predetermined 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 will be paid to the Manager. Instead, the Manager will receive the development management fee for the development project.

The development management fee is 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 is entitled to receive such number of units as may be purchased for the relevant amount of the development management fee at an issue price to be determined based on the VWAP for a unit for all trades on the SGX-ST in the ordinary course of trading for the 10 business days immediately preceding the end of the relevant calendar quarter for which such fee relates to.



# SUSTAINABILITY

## Welcome to ESR-REIT's Sustainability Report 2021

In this report, we provide an overview of our ESG ambitions and performance, disclosed in alignment with the SGX-ST Listing Rules, Practice Note 7.6 Sustainability Reporting Guide and prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI Standards have been selected because it is internationally recognised and the most widely used sustainability reporting framework, applicable to all ESR-REIT's industry and stakeholder groups.

This report covers ESR-REIT's investment and operation of our properties and development projects for the financial year of 1 January to 31 December 2021 (FY 2021). For the Environmental section, the data relates to the common areas of occupied properties to which ESR-REIT has direct operational control and excludes tenant data and properties that were divested or acquired in the year<sup>1</sup>. Please refer to pages 77 to 91 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 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.

<sup>1</sup> 30 out of 58 properties were excluded from the scope of energy, carbon and water data, as these properties are single-tenanted buildings on master leases and ESR-REIT has limited control over their environmental performance.



## CONTENTS

<b>119</b>	Welcome to ESR-REIT's Sustainability Report 2021
<b>120</b>	2021 at a Glance
<b>121</b>	A Statement from Our Board
<b>122</b>	Sustainability Targets and Performance
<b>124</b>	How We Manage Sustainability
<b>124</b>	Our Sustainability Leaders at ESR-REIT
<b>124</b>	Materiality Assessment
<b>125</b>	Stakeholder Engagement
<b>127</b>	Our Material Factors
<b>128</b>	<b>ECONOMIC</b>
<b>128</b>	Investment Management – Quality Assets and Services
<b>129</b>	Tenant Engagement and Satisfaction
<b>130</b>	<b>ENVIRONMENTAL</b>
<b>130</b>	Reducing our Energy Consumption and Carbon Emissions
<b>133</b>	Reducing Our Water Consumption
<b>133</b>	Reducing Our Waste
<b>134</b>	Upholding Environmental Compliance
<b>135</b>	<b>SOCIAL</b>
<b>135</b>	Employee Engagement and Satisfaction
<b>139</b>	Health and Safety
<b>141</b>	Our Community
<b>142</b>	<b>GOVERNANCE</b>
<b>142</b>	Regulatory Compliance, Governance, and Enterprise Risk Management
<b>144</b>	GRI Content Index

# SUSTAINABILITY



2 Figure from JTC's Quarterly Market Report for Industrial Properties 4Q 2021.

## A STATEMENT FROM OUR BOARD

2021 was a year of continued challenges from the prolonged effects of the COVID-19 pandemic. Despite that, ESR-REIT has managed to adapt and respond nimbly to the changing business climate. In addition, 2021 saw the introduction of more stringent regulations on environmental and climate risk disclosures from the Monetary Authority of Singapore (MAS) and the Singapore Exchange (SGX), signalling the Singapore government's commitment to embed climate change and environmental sustainability in Singapore. ESR-REIT is committed to delivering long term sustainable returns to unitholders while upholding its sustainability goals and making positive impact on the environment and communities where we conduct our business in, as well as to our key stakeholders.

The REIT has robust sustainability data tracking and reporting in place and made its first GRESB submission in 2021. To ensure best practices, the REIT also implemented an Environmental Policy and a Green Procurement Policy this year.

In response to the continued impact of the pandemic on our stakeholders, we implemented various measures:

- For our staff – We implemented a hybrid working arrangement and organised fitness events to allow for more in-person interactions among employees. We organised multiple offsite activities such as cycling and a vertical steps challenge to encourage a healthy lifestyle. In addition, online mental health webinars were also provided.
- For our tenants and other affected communities – We ramped up our tenant and community engagement. To assist our F&B tenants who had to cope with reduced footfall in our properties, we purchased cash vouchers from them which were then distributed to frontliners, senior citizens and low-income families

in the immediate vicinity of our property. These were distributed through a partnership with Kembangan Chai Chee Community Centre, fostering stronger community bonds between our tenants, our local grassroots leaders and the community at large. We also enhanced our call centre feedback system and organised a wellness webinar for our tenants.

On the Environmental front, as the MAS environmental risk management and SGX climate disclosure requirements come into effect, ESR-REIT also began assessing environmental risks with help of an external consultant. By identifying and quantifying environmental- and climate-related financial risks and opportunities, ESR-REIT will be able to better factor the costs and benefits of implementing environmental initiatives, such as retrofitting buildings, into our long-term strategic planning. We are currently on track to fulfil MAS' and SGX's requirements and will disclose our full assessment and monitoring of results in next year's report. We have also implemented a new target on solar energy to help us achieve our goal of lower carbon emissions even as we grow our portfolio.

Furthermore, in line with SGX's new requirement for issuers to strengthen practices on diversity, ESR-REIT has a Board Diversity policy since 2019 to enhance the decision-making of the Board and to reflect our commitment to equality in the workplace. We track this commitment by reporting on our Board diversity figures.

The Board recognises the immense challenges that climate change presents to our operations and believes that we have a duty as a company to mitigate these risks in order to continue delivering long term and sustained economic value to our stakeholders. We look forward to your continued support as we continue to grow together on our sustainability journey.



### THE BOARD'S COMMITMENT TO SUSTAINABILITY

The Board of ESR-REIT acknowledges the need to place sustainability issues as a fundamental part of the business' strategic formulation.

The Board has, through its Sustainability Committee chaired by the CEO:

- determined ESR-REIT's material factors;
- provided oversight of management and monitoring of material factors; and
- provided direction in the preparation of the sustainability report.

# SUSTAINABILITY

## SUSTAINABILITY TARGETS AND PERFORMANCE

In line with ESR-REIT's commitment towards climate action, we have added a new target on solar generation for our material factor "Energy and Carbon Footprint".

Material Factor	Targets	2021 Performance
<b>Economic Impact</b>	<ul style="list-style-type: none"> <li>Refer to annual report pages 36-37</li> </ul>	<ul style="list-style-type: none"> <li>Refer to annual report pages 58</li> </ul>
<b>Investment Management – Quality of Assets and Services</b>	<ul style="list-style-type: none"> <li>Invest in properties that will enhance the sub-asset class diversity of ESR-REIT's portfolio</li> <li>Achieve a portfolio occupancy rate that exceeds Jurong Town Corporation's (JTC) industrial occupancy average</li> </ul>	<ul style="list-style-type: none"> <li>Refer to annual report pages 56</li> <li>Achieved a portfolio occupancy rate of 92.0%, close to JTC's industrial occupancy average of 90.1%<sup>3</sup> for 2021</li> </ul>
<b>Tenant Engagement and Satisfaction</b>	<ul style="list-style-type: none"> <li>Maintain tenant satisfaction levels at 65% or more each year with a response rate of over 60%</li> </ul>	<ul style="list-style-type: none"> <li>Achieved a tenant satisfaction rate of 78% with a response rate of 64%</li> </ul>
<b>Energy and Carbon Footprint</b>	<ul style="list-style-type: none"> <li>Achieve 5% reduction in total energy<sup>4</sup> consumption for multi-tenanted buildings (MTB) from 2019 to 2023.</li> <li>Reduce energy<sup>4</sup> intensity (kWh per m<sup>2</sup>) for MTBs by 1% per year</li> <li>Achieve Green Mark Certification for all buildings which undergo an Asset Enhancement Initiative (AEI) from 2019 onwards (where economically feasible and viable)</li> <li><b>NEW</b> Achieve 50% increase in solar power generation by 2025 (from base year 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Grid electricity consumption in 2021 was 37,512,370 kWh, a 13% reduction from 2019</li> <li>Grid electricity consumption intensity decreased by 9.7% from 2020 to 2021 for all MTBs</li> <li>Out of two properties that underwent AEI in 2021, one obtained Green Mark certification and the other is expected to obtain Green Mark certification in 2022</li> <li>Solar power generation in 2021 decreased from 2019 due to prolonged wet weather and faulty inverters<sup>5</sup>.</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>Obtain Water Efficiency Building (WEB) certifications for all MTBs by 2023</li> <li>Achieve new WEB for 10% of the MTBs per year</li> <li>Reduce water intensity for MTBs by 2% per year, or by 8% by 2023 (from base year 2019)</li> </ul>	<ul style="list-style-type: none"> <li>30 out of 32 MTBs were WEB certified in 2021, an increase from 22 in 2020</li> <li>8 MTBs, or 25% of all the MTBs, obtained WEB certifications in 2021</li> <li>Water intensity was 3.0 m<sup>3</sup>/m<sup>2</sup> in 2021, a 6% reduction from 2020</li> </ul>
<b>Waste</b>	<ul style="list-style-type: none"> <li>Continue to report accurate waste data for all MTBs</li> </ul>	<ul style="list-style-type: none"> <li>Data on waste managed by ESR-REIT at all MTBs is reported on page 134.</li> </ul>

<sup>3</sup> Figure from JTC's Quarterly Market Report for Industrial Properties 4Q 2021.

<sup>4</sup> From grid electricity consumption

<sup>5</sup> Due to COVID-19 supply chain interruptions, there is a shortage of replacement solar panel inverters. Replacement of the faulty inverters is expected to be completed by 2Q 2022.

Material Factor	Targets	2021 Performance
<b>Environmental Compliance</b>	<ul style="list-style-type: none"> <li>Maintain no incidents of non-compliance with environmental regulations and laws</li> </ul>	<ul style="list-style-type: none"> <li>No incidents of non-compliance with environmental regulations and laws</li> </ul>
<b>Employee Engagement and Satisfaction</b>	<ul style="list-style-type: none"> <li>Maintain fair employment practices and be a signatory to Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)</li> <li>Maintain employee satisfaction levels at 75% or more each year with a response rate of over 75%</li> <li>Maintain an average of 16 training hours per employee per year</li> </ul>	<ul style="list-style-type: none"> <li>Signatory to TAFEP</li> <li>Achieved employee satisfaction level of 81% with response rate of 94%</li> <li>36.5 training hours per employee</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>Achieve Workplace Fatal Injury Rate (WFIR) and Workplace Injury Rate (WIR) that are below the real estate industry average</li> <li>Develop campaigns to promote a strong culture on safety for our employees and contractors</li> <li>Conduct health and safety committee meetings quarterly</li> </ul>	<ul style="list-style-type: none"> <li>There were 0 fatalities and reportable injuries for employees in 2021</li> <li>Organised fitness events for employees</li> <li>Monthly health and safety committee meetings were held to review and improve on the WSH practices</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Develop strategic community engagement programs based on community needs</li> </ul>	<ul style="list-style-type: none"> <li>Developed the COVID-19 Care Initiative to support tenants and the community during difficult times. For more information, please refer to pages 141</li> </ul>
<b>Governance and Enterprise Risk Management</b>	<ul style="list-style-type: none"> <li>Zero lapses in corporate governance or corruption</li> <li>Provide training to all employees on compliance with relevant governance policies</li> <li>Ensure procedures and business continuity plans are in place for pandemic preparedness and resilience</li> </ul>	<ul style="list-style-type: none"> <li>Zero lapses in corporate governance or corruption</li> <li>Employees underwent training on compliance with governance policies</li> <li>Two policies - Influenza Pandemic Preparedness Plan and Workplace Safe Management Measures are in place</li> </ul>
<b>Regulatory Compliance</b>	<ul style="list-style-type: none"> <li>Zero material incidents of non-compliance with socio-economic laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Zero material incidents of non-compliance with socio-economic laws and regulations</li> </ul>

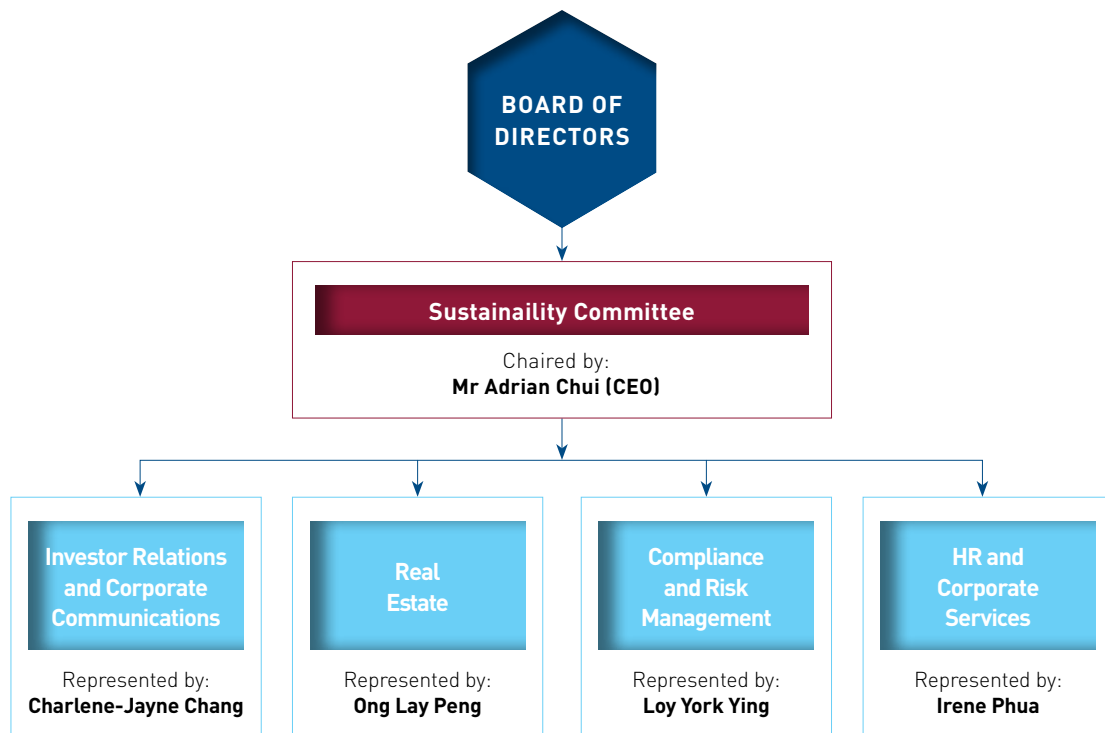
# SUSTAINABILITY

## HOW WE MANAGE SUSTAINABILITY

### Our Sustainability Leaders at ESR-REIT

ESR-REIT's sustainability programmes are overseen by ESR-REIT's Board of Directors and led by the Sustainability Committee, established in 2016. The Sustainability Committee, chaired by our CEO Mr Adrian Chui, takes responsibility for procedures and activities across the organisation related to sustainability, including the execution and monitoring of environmental, social and governance policies. The Sustainability Committee comprises key members from different business functions and is also responsible for the annual sustainability reporting process.

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. The Sustainability Committee also identifies relevant sustainability issues and risks and develops applicable internal control and risk management systems to manage, monitor and report those risks.



## MATERIALITY ASSESSMENT

In the identification and prioritising of material ESG factors, ESR-REIT considers its sustainability programs and performance in the context of its wider business objectives and benchmarked itself against industry peers. Our material factors are also mapped to the most relevant United Nations' Sustainable Development Goals (SDGs) which we contribute to, in alignment with our sponsor, ESR Cayman Limited.




Since our first materiality assessment in 2016, ESR-REIT has reviewed our material factors annually to proactively consider risk and opportunities. In 2021, the Sustainability Committee reviewed the metrics and targets for all our material issues with the support of an external consultant. In view of the high relevance of climate action and diversity issues, we have added a new target on solar generation and a new metric on employee and board diversity.

Our material issues and its corresponding topics and SDGs are disclosed on page 125.




## STAKEHOLDER ENGAGEMENT

ESR-REIT conducts regular engagement with different stakeholder groups via a range of platforms, which allows us to better understand their needs 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
 <p><b>Investment Community (Institutional and Retail Investors, Analysts and the Media)</b></p>	<ul style="list-style-type: none"> <li>Dedicated investor relations team pro-actively communicates with the investment community, keeping them updated on operational and financial performance, as well as ESR-REIT's long-term strategy</li> <li>Regular financial and non-financial performance updates</li> <li>Annual General Meetings (AGM) and Extraordinary General Meetings (EGM)</li> <li>Investor conferences, face-to-face meetings and Non-Deal Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Long-term, sustainable and recurring distributions</li> <li>Total investment returns</li> <li>ESR-REIT's strategic outlook and growth prospects</li> <li>Timely updates on ESR-REIT's portfolio performance, asset and capital management, asset enhancement initiatives (AEIs), acquisitions and divestments as well as major corporate developments</li> </ul>	<ul style="list-style-type: none"> <li>Announcement of half-yearly and annual financial results, with interim updates in between the results period</li> <li>Half-yearly briefings for analysts and media</li> <li>Comprehensive investor relations section on company website</li> <li>Additional COVID-19 related disclosures</li> <li>Provided written responses to key questions from unitholders ahead of AGM and EGM</li> </ul>
 <p><b>Board of Directors</b></p>	<ul style="list-style-type: none"> <li>Regular face-to-face or virtual meetings, online communication and calls</li> <li>Orientation and training programmes for new and existing Directors</li> <li>Annual Board evaluation</li> </ul>	<ul style="list-style-type: none"> <li>ESR-REIT's overall corporate governance and sustainability framework and initiatives</li> <li>Setting of ESR-REIT's strategic objectives, broad policies, procedures and targets</li> <li>Ensuring regulatory compliance</li> <li>Ensuring that the organisation meets the needs and expectations of stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Timely and regular updates from key management on business activities</li> </ul>
 <p><b>Government Agencies and Industry Organisations</b></p>	<ul style="list-style-type: none"> <li>Periodic participation in industry forums and dialogues</li> <li>Membership in industry associations such as the REIT Association of Singapore (REITAS), etc</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations</li> <li>ESR-REIT's economic, environmental, social and governance impacts on the communities that the REIT operates in</li> </ul>	<ul style="list-style-type: none"> <li>Ensure compliance to all applicable laws and regulations</li> <li>Regular monitoring and evaluation of ESG impacts</li> </ul>









# SUSTAINABILITY

Stakeholder	Forms of Engagement	Key Topics Raised	How We Responded
 <p><b>Existing and Potential Tenants</b></p>	<ul style="list-style-type: none"> <li>• 24/7 call centre with specialised functions, addressing tenants' varying concerns</li> <li>• Open communication</li> <li>• Frequent site visits and face-to-face discussions</li> <li>• Social and networking events</li> <li>• Tenant satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive rental rates and locations</li> <li>• Conducive and secure working environment with adequate facilities</li> <li>• On-site security practices and management</li> </ul>	<ul style="list-style-type: none"> <li>• Support for key tenants' corporate milestone events</li> <li>• Responsiveness towards tenants' feedback</li> <li>• Health and well-being initiatives</li> </ul>
 <p><b>Local Communities</b></p>	<ul style="list-style-type: none"> <li>• Open communication</li> <li>• Regular monitoring of community needs via feedback sessions with Member of Parliament and community centres for respective constituencies</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible operations</li> <li>• Support in community development and activities</li> <li>• Creation of employment opportunities</li> <li>• Compassion and care for the underprivileged in society</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships and sponsorships for events and programmes</li> <li>• Giving back to the community through donations and participation in meaningful community outreach activities</li> <li>• Supporting tenants' CSR programmes where possible</li> <li>• Implemented COVID-19 Care Initiative</li> </ul>
 <p><b>Management Team and Employees</b></p>	<ul style="list-style-type: none"> <li>• Weekly/bi-weekly department meetings</li> <li>• Bi-weekly Heads of Departments' meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Empowerment and active engagement</li> <li>• Competitive remuneration and benefits</li> <li>• Job security, stability and pathways for career progression</li> <li>• Health, workplace safety and work-life balance</li> <li>• Equality and diversity at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Orientation and training programmes for new employees</li> <li>• Annual performance review</li> <li>• Training and development programmes, including quarterly ESG coffee and learn series</li> <li>• Team bonding activities, staff loyalty recognition programmes</li> <li>• Annual satisfaction survey for employee</li> <li>• Annual wellness talks and quarterly exercise programmes</li> </ul>



## OUR MATERIAL FACTORS

Taking into consideration the key concerns commonly raised by stakeholders, and issues most material to our business, ESR-REIT has defined the following list of material issues. As part of our annual materiality review, we added “Diversity and Equal Opportunity” as a relevant topic under the material factor “Employee Engagement and Satisfaction” in 2021. This is in line with SGX’s mandate on board diversity disclosures in December 2021.

Category	Material Factor	Related GRI Topics	Priority UN SDGs <sup>6</sup>
 <b>Economic</b>	Economic impact	Economic Performance	
	Investment Management – Quality of Assets and Services	Non-GRI Topic	
	Tenant Engagement and Satisfaction	Non-GRI Topic	
 <b>Environmental</b>	Energy and Carbon Footprint	Energy Emissions	 
	Water	Water	
	Waste	Effluents and Waste	
	Environmental Compliance	Environmental Compliance	
 <b>Social</b>	Employee Engagement and Satisfaction	Employment Training and Education <b>NEW</b> Diversity and Equal Opportunity	  
	Health and Safety	Occupational Health & Safety	
	Community	Local Communities	
 <b>Governance</b>	Governance and Enterprise Risk Management	General Disclosures Anti-Corruption	
	Regulatory Compliance	Socioeconomic Compliance	

In the following sections, we share how we manage our material factors and how we have performed against our targets.

<sup>6</sup> Out of 17 United Nations Sustainable Development Goals, ESR-REIT has mapped our material factors to 5 of the most relevant Goals, in alignment with those of our sponsor, ESR Cayman. These are Goals 3, 5, 7, 8 and 13.

# SUSTAINABILITY

## ECONOMIC

ESR-REIT strives to bring positive value to our investors and tenants with robust investment and asset management policies.

### 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 commits 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, yield-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 active asset management and asset enhancement initiatives (AEIs). Our strategy is driven through three strategic objectives (see pages 36-37 of this report for further detail):

1. Active acquisition and development growth
2. Achieving organic growth
3. Exercising prudent capital management

Our investment and asset management strategy helps to maintain the quality and diversity of ESR-REIT's portfolio. This year, ESR-REIT completed a strategic acquisition of 46A Tanjong Penjuru, a modern, fully committed and in-demand ramp-up logistics facility located within an established logistics cluster in the western region of Singapore for a purchase consideration of S\$119.6 million<sup>7</sup>.

The REIT also completed its maiden overseas acquisition with a 10.0% interest in ESR Australia Logistics Partnership from its Sponsor, ESR Group, for a purchase consideration of A\$60.5 million (approximately S\$62.4 million<sup>8</sup>). Both additions will strengthen ESR-REIT's portfolio exposure to the logistics sector, where there is currently a supply shortage of quality warehouse space. These accretive acquisitions demonstrate our focus on transactions offering attractive, long-term and risk adjusted returns. In October 2021, we also announced the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust ("ALOG") into a leading New Economy and Future-Ready APAC S-REIT to be named ESR-LOGOS REIT. The proposed merger is subject to the approval of both ESR-REIT and ALOG unitholders and will place us in a greater position to stay future-ready and deliver sustainable growth to our stakeholders.

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.

The Manager also carries out AEIs to improve the overall quality of assets. In 2021, we completed two AEI projects, of which one obtained Green Mark re-certification; the other is expected to obtain Green Mark certification in 2022.


To evaluate effectiveness of our investment management and to identify areas of improvement, the Manager gathers data and monitors portfolio occupancy and retention rates annually, and benchmarks them against industry peers. In 2021, we achieved a portfolio occupancy rate of 92.0% above the industry average of 90.1%<sup>9</sup>.

<sup>7</sup> The appraised property value comprises the consideration (S\$112.0 million) and upfront land premium paid to JTC for the balance of the first 30-year JTC lease term (S\$7.6 million).

<sup>8</sup> Using an illustrative exchange rate of A\$1.000 : S\$1.032.

<sup>9</sup> Figure from JTC's Quarterly Market Report for Industrial Properties 4Q 2021.

TENANT ENGAGEMENT AND SATISFACTION



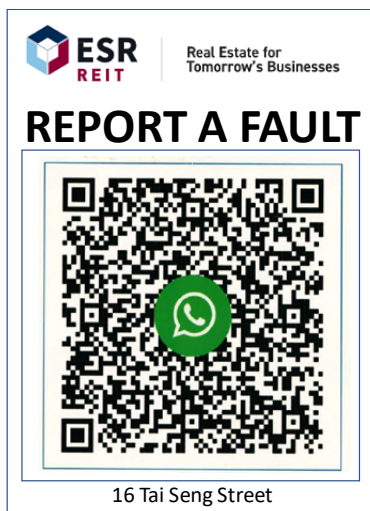
**TARGETS**

- Maintain tenant satisfaction levels at 65% or more each year with a response rate of over 60%

ESR-REIT recognises that tenants are one of our key stakeholder groups. We believe in maintaining good working relationships with tenants, which helps us better anticipate, understand and respond to their requirements.

To maintain good working relationships with tenants, ESR-REIT commits to regular communication, timely resolution of issues and progressive upgrading of facilities. This can include, for example, periodic site visits, email correspondence, annual tenant engagement events and tenant satisfaction surveys.

Our 24/7 call centre continues to allow the Manager to better respond to requests from tenants. In addition to monthly feedback reports, QR codes for fault reporting



Notice placed at lift lobbies of MTBs for efficient fault reporting

were implemented across all MTBs in March 2021. Tenants and visitors can scan the QR code with their mobile devices to input feedback. Any feedback received will be channelled directly to the call centre for the maintenance team's follow up. This initiative enables feedback to be captured more quickly.



ESR-REIT Health and Mental Wellness Webinar Invite

ESR-REIT also conducted a Health and Mental Wellness webinar for both tenants and employees in December 2021, which was well received with 43 participants in total.

	2019	2020	2021
Tenant Satisfaction Rate	74%	79%	78%
Response Rate	63%	65%	64%

# SUSTAINABILITY

## ENVIRONMENTAL

ESR-REIT fully recognises our responsibility to do our part in preventing negative environmental impacts caused by our properties' operations, while adopting a precautionary approach to environmental challenges. In 2021, we formalised our commitment in an Environmental Policy to reduce our properties' environmental footprint by efficiently managing resources with significant environmental impacts, such as energy, water and waste. We also developed a Green Procurement Policy to extend our environmental commitment to our supply chain.

### REDUCING OUR ENERGY CONSUMPTION AND CARBON EMISSIONS



#### TARGETS

- Achieve 5% reduction in total energy consumption for MTBs from 2019 to 2023.
- Reduce energy<sup>10</sup> intensity (kWh per m<sup>2</sup>) for MTBs by 1% per year
- Achieve Green Mark Certification for all buildings which undergo an AEI from 2019 onwards (where economically feasible and viable)
- **NEW** Achieve 50% increase in solar power generation by 2025 (from base year 2019)

#### How We Manage this Issue

Climate action continues to be a topic that is highly relevant for both the Manager and our stakeholders. Besides improving energy performance and efficiency of our properties, we have also set renewable energy targets to reduce our greenhouse gas emissions. In setting these targets, ESR-REIT hopes to contribute to Singapore's climate change commitments to peak emissions at 65 MtCO<sub>2</sub>e by 2030 and achieve net-zero carbon emissions around 2050.

In 2021, the Manager conducted an environmental risk management assessment in line with Monetary Authority of Singapore's (MAS) environmental risk management guidelines for asset managers. This also included the assessment of climate-related risks, in line with the Taskforce on Climate-related Financial Disclosures (TCFD) framework.



On 8 December 2021, the MAS issued a set of Guidelines on Environmental Risk Management for Asset Managers as part of its Green Finance Action Plan. The objective of the guidelines is to enhance the resilience of the financial sector, including Asset Managers, by setting out sound management practices that financial institutions can adopt to manage climate-related and environmental risks. Asset Managers are expected to integrate governance, risks management and disclosure of environmental and climate-related risks into existing internal risk management framework to enhance their portfolio resilience to the impact of environmental risk. As an Asset Manager, ESR-REIT is cognisant of our responsibility to adopt and implement these guidelines to develop robust risk management processes.

Apart from the increasing regulatory requirements around climate reporting, the Manager is also aware of the importance of developing climate resilience around ESR-REIT's business to ensure long-term operability and value creation. In FY 2021, the Manager initiated ESR-REIT's very first climate-related reporting based on the recommended disclosures by the TCFD framework to demonstrate the management approach and governance around climate risks and opportunities. Scenario analysis was also conducted to simulate net-zero and business-as-usual scenarios to identify potential climate-related risks that could physically or in transitioning to a low carbon economy, impede ESR-REIT's operations across the short-to-long term time horizon. Findings from the analysis will be incorporated into our Enterprise Risk Management (ERM) framework that will help shape our business plan. The Manager will continue to work with the relevant stakeholders to further refine the governance and management of climate-related risks.

10 From grid electricity consumption.

ESR-REIT's ongoing AEI strategy revitalises older buildings to improve tenants' and visitors' experience. At the same time, these upgrades also help to improve energy and water efficiency of the buildings. In 2021, two of our assets underwent enhancement works.

ESR-REIT aims to obtain Green Mark Certification for all buildings which undergo an AEI. In FY 2021, we completed AEIs at ESR BizPark @ Changi and 19 Tai Seng Avenue in March and October 2021 respectively. ESR BizPark @ Changi has been re-certified Green Mark Gold Plus (North & South Tower) and Green Mark Gold (Hotel & Convention Centre), while 19 Tai Seng Avenue is expected to obtain a Green Mark Gold certification by 1Q 2022. At 19 Tai Seng Avenue, we installed energy efficient air-conditioning systems, water efficient fittings for washrooms and low emissivity glass for the building facade to reduce heat load.

To further improve the environmental performance of our portfolio, we have obtained ISO 14001: 2015 – Environmental Management System certification for ESR-REIT.

Properties with Green Mark and LEED certifications are listed below.

#### BCA Green Mark Certifications in ESR-REIT's Portfolio

Property	Year of Award & Certification Status
1 88 International Road	2021 - Green Mark Certified
2 86 International Road	2021 - Green Mark Certified
3 30 Toh Guan Road (Annex Warehouse)	2021 - Green Mark Certified
4 3 Pioneer Sector 3 (Block 2)	2021 - Green Mark Gold
5 ESR Bizpark @ Changi 2 & 4 Changi Business Park Avenue 1 (Hotel & Convention Centre)	2020 - Green Mark Gold
6 ESR Bizpark @ Changi 6 & 8 Changi Business Park Avenue 1 (North & South Tower)	2020 - Green Mark Gold Plus
7 30 Marsiling Industrial Estate Road 8	2020 - Green Mark Certified

#### LEED Certifications in ESR-REIT's Portfolio

Property	Year of Award & Certification Status
15 Greenwich Drive	2013 – Core and Shell 'Platinum'

11 For two of the buildings, data was available from January 2021 to end of November 2021, before divestment of the buildings.



#### OUR SOLAR HARVESTING PROGRAMME

Since 2013, ESR-REIT has been harnessing solar energy across our properties. In 2021, 9 out of 58 of our properties had solar panels installed on their rooftops. Five of these properties are managed by ESR-REIT generated 1,892 MWh of solar energy, of which 846 MWh was exported and 1,047 MWh was consumed. Solar energy harvesting in the four remaining properties is managed directly by our tenants or supplied to other buildings outside of our organisation.

Solar energy generation decreased from 2019 to 2021 due to a combination of factors, including faulty inverters and prolonged wet weather. Two properties with solar panels were also divested and panels were removed from one property during the last quarter of 2021. Even so, ESR-REIT saved nearly S\$70,000 by using solar energy in 2021. The Manager continues to find opportunities to enhance our solar generation. We plan to install solar panels on two more properties, with a total estimated generation of 2,300 MWh by end of 2022. We target to increase solar generation at our properties by 50% by 2025 (from base year 2019).

#### Solar Energy Generated, Exported and Consumed by our MTBs

	No. of buildings	Generation (MWh)	Export (MWh)	Consumption (MWh)
2019	5	2,369	948	1,421
2020	5	1,963	782	1,181
2021	5 <sup>11</sup>	1,892	846	1,047



Solar panels installed at 3 Pioneer Sector 3

# SUSTAINABILITY

## 2021 Performance: Electricity, Cooling and Carbon Emissions

Electricity consumption and intensity <sup>1</sup>	2019	2020	2021
Number of Buildings	24	27	28
Grid Electricity Consumption (kWh)	43,339,257	39,715,245	37,512,370
Electricity Consumption Intensity (kWh/m <sup>2</sup> )	345	298	269

<sup>1</sup> Includes only MTBs with grid electricity consumption that are directly managed by the Property Manager.

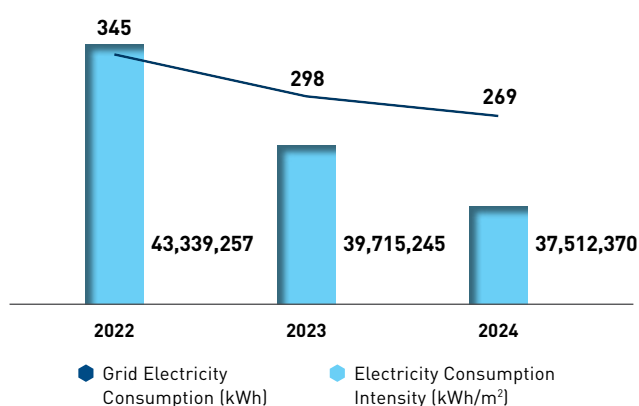
District cooling consumption and intensity <sup>1</sup>	2019	2020	2021
Number of Buildings	1	1	1
District Cooling Consumption (kWh)	105,178	85,304	94,614
District Cooling Consumption Intensity (kWh/m <sup>2</sup> )	49	40	42

<sup>1</sup> Includes only MTBs with district cooling consumption that are directly managed by the Property Manager. District cooling consumption and intensity figures for 2019 and 2020 have been restated based on a revised calculation method which takes plant efficiency into account.

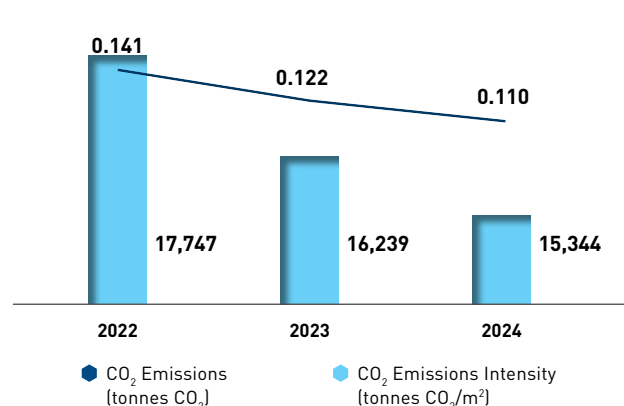
Carbon Emission and intensity <sup>1</sup>	2019	2020	2021
CO <sub>2</sub> Emissions (tonnes CO <sub>2</sub> )	17,747	16,239	15,344
CO <sub>2</sub> Emissions Intensity (tonnes CO <sub>2</sub> /m <sup>2</sup> )	0.141	0.122	0.110

<sup>1</sup> Includes grid electricity and district cooling consumption. Carbon dioxide emissions and intensity data for 2019 and 2020 were restated due to revisions of emission figures from district cooling consumption. Average Operating Margin (OM) Grid Emissions Factor (GEF) for 2020 were also updated from 0.4085 kg CO<sub>2</sub>/kWh to 0.408 kg CO<sub>2</sub>/kWh by the Singapore Energy Market Authority. Carbon dioxide emissions from electricity for 2021 were calculated based on Singapore Energy Market Authority's Average Operating Margin (OM) Grid Emissions Factor (GEF) for 2020 (0.408 kg CO<sub>2</sub>/kWh).

### Grid Electricity Consumption and Intensity



### Scope 2 Carbon Emission and Intensity



Total grid electricity consumption in 2021 was 37,512 MWh, a 5.5% decrease from 2020 levels. Electricity consumption intensity also decreased by 9.7% from 298 kWh/m<sup>2</sup> to 269 kWh/m<sup>2</sup>. District cooling consumption at one of our properties increased slightly due to increased tenant activity following the relaxation of COVID-19 measures.

**REDUCING OUR WATER CONSUMPTION**



**TARGETS**

- Obtain 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, or by 8% by 2023 (from base year 2019)

**How We Manage this Issue**

Singapore is expected to be one of the most water-stressed countries by 2040<sup>12</sup> even though it is not experiencing water stress currently. With the management of around 30 MTBs in Singapore, we shall remain vigilant in managing our impact and dependence on water as a resource. We prioritise 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 activities follow Singapore’s strict water discharge laws and standards.

**2021 Performance: Water Withdrawal**

Electricity consumption and intensity <sup>1</sup>	2019	2020	2021
Number of Buildings <sup>1</sup>	25	28	28
Water Withdrawal (megalitres) <sup>2</sup>	461.83	444.23	424.25
Water Intensity (m <sup>3</sup> /m <sup>2</sup> )	3.5	3.2	3.0

1 Includes MTBs with water withdrawal directly managed by the Property Manager.  
 2 All water withdrawn from municipal water sources.

**8**  
 MTBs obtained WEB (Basic) certifications in 2021

**30 out of 32**  
 MTBs in total obtained WEB (Basic) certifications as of 2021

Water intensity reduced by 6% in 2021 despite the increase in buildings managed, due to low 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 fittings. As at the end of 2021, 30 out of 32 MTBs were WEB certified, an increase from 22 in 2020. We have achieved our target of certifying more than 10% of MTBs per year.

**REDUCING OUR WASTE**



**TARGETS**

- Continue to report accurate waste data for all MTBs

**How We Manage this Issue**

In line with the Singapore government’s Zero-Waste Masterplan and recognising the importance of waste management as part of our environmental commitment, we implement waste reduction measures and data monitoring of waste across our properties wherever feasible.

**2021 Performance: Waste Management**

**15.6%**  
 Waste diverted to recycling

12 Source: World Resources Institute, 2015.

# SUSTAINABILITY



Since 2019, the Manager has been tracking the amount of waste produced and recycled in its MTBs. Tracking and reporting on waste helps us to identify opportunities to reduce waste 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. As of end of 2021, 26 out of 32 MTBs have general recycling bins. In capturing recycling data, we have been able to establish that 15.6% 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 reduction, and will take steps to reduce waste to the best of our ability. In 2021, MTBs directly managed by ESR-REIT generated a total of 2,206 tonnes of waste, none of which was hazardous.

2021 Performance: Waste Management <sup>1</sup>	2019	2020	2021
Number of Buildings <sup>1</sup>	24	28	29
Total Waste Generated (tonnes)	3,380	2,911	2,206
Total Waste Recycled (tonnes)	524	560	344

<sup>1</sup> Includes only MTBs with waste disposal directly managed by the Property Manager. Excludes e-waste.

In addition to general recycling bins, the Manager has been providing additional e-waste recycling bins on a voluntary basis for our tenants and members of the public since 2019. In 4Q 2021, we placed e-waste bins at 29 of our properties, which is a significant increase from 3 properties in 2020. We work closely with our e-waste vendors, KGS Pte. Ltd. and Virogreen Singapore Pte. Ltd. to set up indoor and outdoor e-waste bins respectively. KGS Pte. Ltd. also provide door-to-door collection of e-waste for each tenant every quarter. A total of 1,483kg of e-waste was collected for the year of 2021.



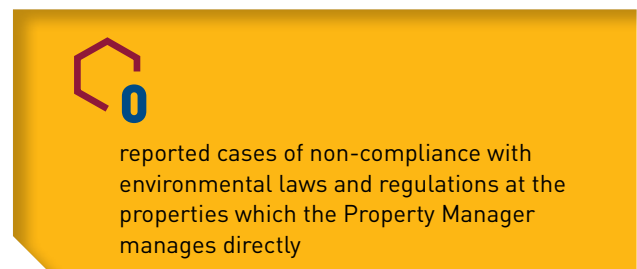
E-waste bins at 21 Ubi (120 litres) and 54 Serangoon North Ave 4 (660 litres)

## UPHOLDING ENVIRONMENTAL COMPLIANCE



### TARGETS

- Maintain no incidents of non-compliance with environmental regulations and laws



To ensure compliance with environmental laws and regulations, we engage relevant regulators and participate in industry forums and dialogues. We also ensure that the relevant laws and regulations are communicated to our tenants.



## SOCIAL

ESR-REIT recognises that our success is dependent upon the motivation and well-being of our employees and the wider community. As the pandemic continues to change the way we work, live and play, ESR-REIT takes measures to ensure that our employees continue to be engaged and to provide support to the communities in need.

### 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 levels 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

The COVID-19 pandemic continued to effect change to the workplace. Remote working has become mainstream, and ESR-REIT recognises the need to address its associated impacts on worker motivation and wellbeing. To address these impacts, the Manager provides timely updates on work processes such as split team arrangements and work-from-home schedules. Additionally, the Human Resources and Corporate Services (HRCS) team also ensured that ESR-REIT employees remain connected amidst social restrictions through regular bonding sessions.



In 2021, ESR-REIT organised a series of fitness and wellness sessions for staff engagement. As most of our staff were working from home due to safe management measures, the activities were designed to enhance employee togetherness and health.



Staff who were interested in the “Let’s Walk Challenge” and the “Vertical Challenge” participated in teams of two. “Let’s Walk Challenge” participants with the highest number of steps were given up to S\$80 worth of shopping vouchers.

Participants of the “Vertical Challenge” who climbed a minimum of 200 floors or 600m elevation were able to earn donations for the Singapore Disability Sports Council. The top 3 teams were also given vouchers and S\$350 worth of gifts. We also resumed quarterly cycling sessions for our staff.



Winners of the “Let’s Walk Challenge” and “Vertical Challenge”

## SUSTAINABILITY



Our staff enjoyed these activities and indicated interest for more of such activities in future. We are looking to continue similar activities if the situation permits.



Staff enjoying themselves at cycling sessions

In 2021, we conducted an internal Employee Engagement Survey and invited all employees to participate on a voluntary basis. The survey was conducted to monitor employees' satisfaction levels 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 overall 81% satisfaction score with a 94% response rate. We will continue to work hard to maintain high satisfaction levels.

### 2021 Performance: Employee Satisfaction

**81%**

Employee Satisfaction Score in 2021

**94%**

Response Rate in 2021

### Training and Education

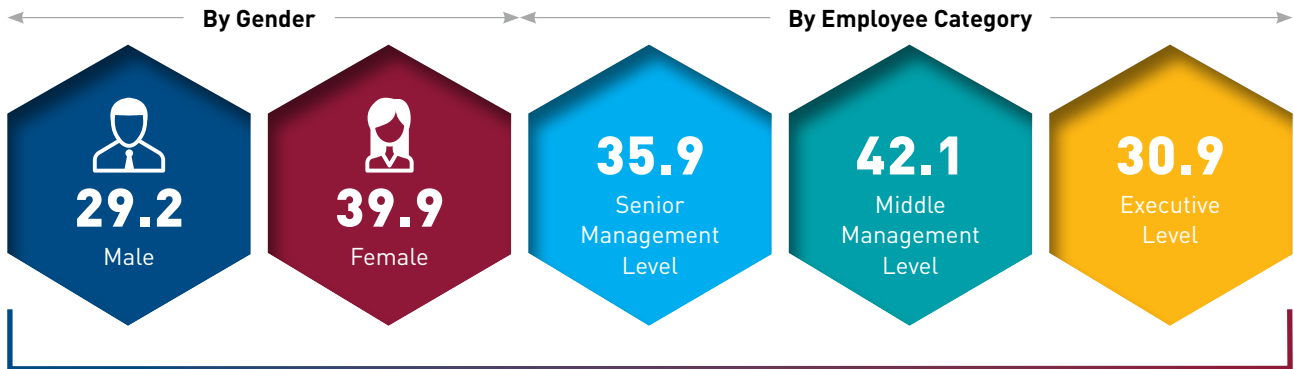
The Manager seeks to develop a culture of holistic learning to enhance our employees' skillset. ESR-REIT's Human Resources Department is responsible for the sourcing and promoting of training, as well as assisting with registration of employees to such training sessions. We also encourage our employees to seek opportunities for professional as well as personal growth in addition to the courses recommended by the Human Resources Department. Since the onset of the COVID-19 pandemic, web-based learning (i.e. webinars) was the main mode of training as employees spent more time working from home.

**36.5**

Average hours of training per employee in 2021

All of our employees exceeded the number of required training hours in 2021. The training covered technical skills related to the employees' functions and also soft skills.

**Average No. of Hours of Training**



**TOTAL AVERAGE: 36.5**

**Diversity and Equal Opportunity**

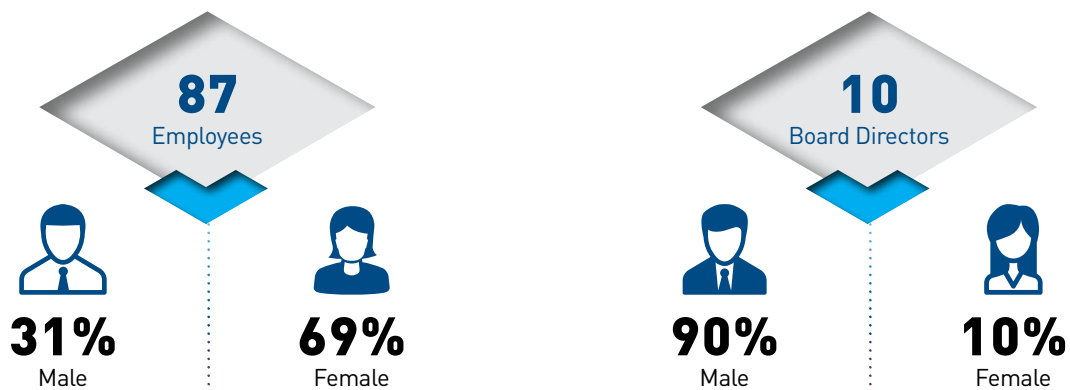
Our employment practices are aligned with the key principles defined by the Tripartite Guidelines on Fair Employment Practices (TGFEPE) and the Ministry of Manpower’s Fair Consideration Framework.

The Manager is a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP). The Manager adopts a merit-based approach to recruitment and promotion and a “promotion from within” culture. The Management prioritises existing staff to

fill newly available positions before hiring externally. These commitments are set out in the Manager’s Human Resource Management (HRM) policy.

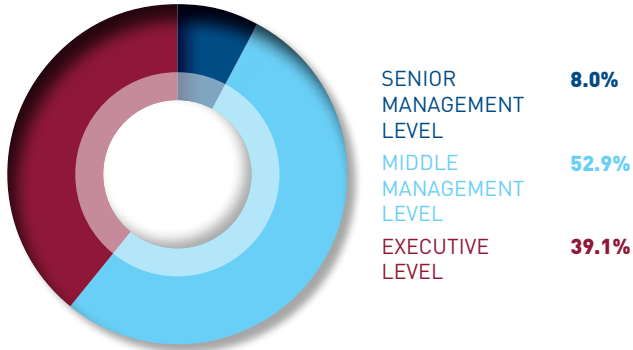
**Our People**

The Manager continues to strive for diversity across its Board and employees. As of 31 December 2021, ESR-REIT had 87 employees, of which 5 were temporary staff and 2 were part-time staff. All staff were Singapore citizens or permanent residents.

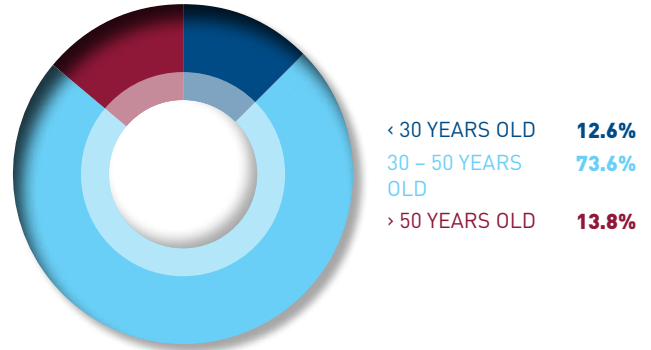


# SUSTAINABILITY

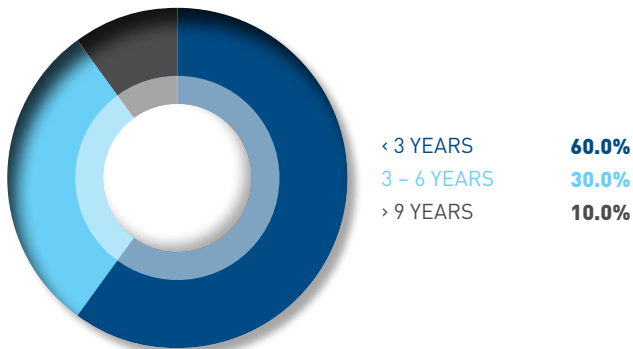
Employees by Category



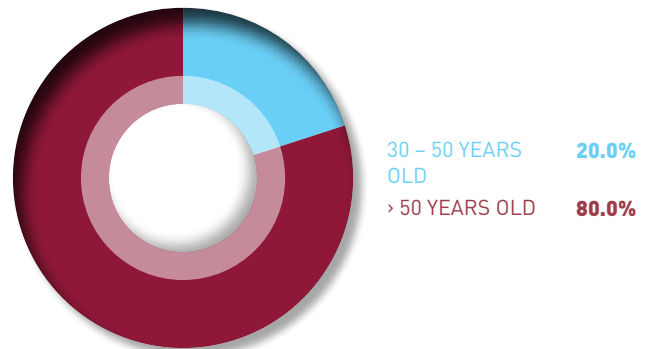
Employees by Age Group



Board Directors by Tenure

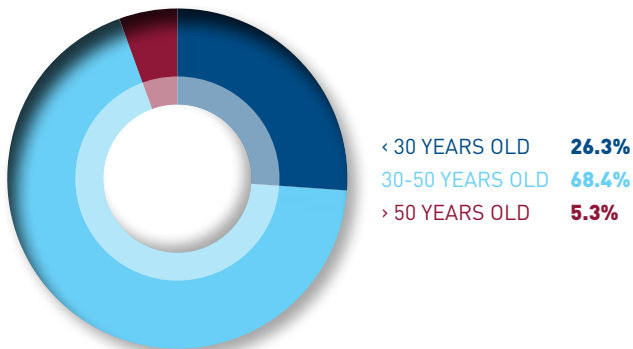


Board Directors by Age Group

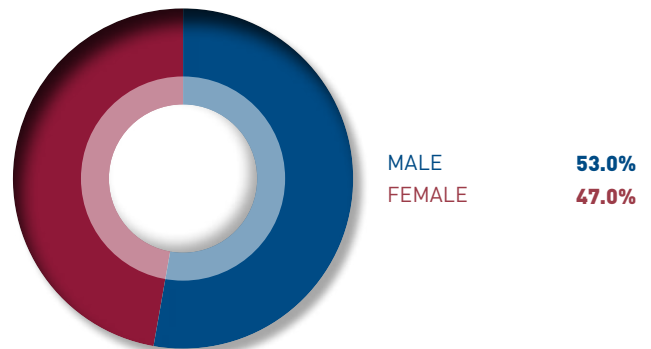


In 2021, there were 16 new hires, of which 44% were male and 56% were female. 44% were less than 30 years old and 50% were between 30 to 50 years old. 19 employees left the company in the same year.

Employees Turnover by Age



Employees Turnover by Gender



## HEALTH AND SAFETY



### TARGETS

- 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

Workplace health and safety is a key area of focus for ESR-REIT. Our Business Continuity Plan (BCP) Management and HRCS teams implemented workplace safe management measures and work-from-home arrangements according to the government's safe management guidelines. This included the provision of adequate office equipment, resources, and processes to ensure that employees are able to continue to work effectively and more importantly, safely. The Manager proactively updated employees and tenants on COVID-19 safe management measures throughout the year. Guided by our robust Workplace Safety and Health policies and processes, we continuously ensure the safety of all employees.

### Workplace Safety and Health (WSH) System

Our WSH committee is responsible for monitoring and advising on occupational health and safety (OHS) programs. Comprising senior management and executives representing various departments, the committee represents around 15% of ESR-REIT's employees. Monthly meetings are held to review and improve on the WSH practices. A WSH consultant was also appointed to be an advisor to the WSH committee.

ESR-REIT adopts the following WSH standards and initiatives:

- ISO 45001: 2018 Occupational Health and Safety management system which is internally and externally audited and in line with the regulations and guidelines of Singapore's Ministry of Manpower (MOM). The system covers all of ESR-REIT's 80 permanent employees and 7 temporary employees. Our WSH system also applies

to 261 workers<sup>13</sup> (which include on-site technicians, cleaning staff, and security guards in our MTBs).

- Active identification of work-related hazards 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.
- Monthly workplace safety and health audits of buildings for workplace, fire and building safety by external consultant. By the end of 2021, all 58 properties have been audited.

We abide by all of the applicable OHS regulations from the Ministry of Manpower (MOM) in Singapore, which includes the reporting of any occurrence of onsite work-related incidents. All ESR-REIT employees and workers are encouraged to be proactive in reporting work-related hazards and hazardous situations.

At ESR-REIT's headquarters, all employees are trained in workplace safety during new hire training, such as fire evacuation plans, appointed first aiders and location of the company's safety kit. The property management team also undergoes compulsory annual training to ensure best safety practices and knowledge of its properties such as Occupational First Aid, Implementation of Incident Management Processes training (IIMP) 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 2021, all Property Managers and Property Executives underwent IIMP and RFIW training. WSH Risk Management training was also conducted by an external vendor, Associates Consulting, for relevant employees.

### 2021 Performance: Occupational Health & Safety



Workplace Fatal Injury Rate (WFIR) & Workplace Injury Rate (WIR) (per 100,000 employees)

13 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.

# SUSTAINABILITY

	Employees		Other Worker <sup>1</sup>	
	2020	2021	2020	2021
No. of work-related fatalities	0	0	0	0
Fatality rate (per 1,000,000 hours worked)	0	0	0	0
No. of recordable work-related injuries	0	0	1	2
Recordable work-related injury rate (including fatalities) (per 1,000,000 hours worked)	0	0	1.17	2.18
No. of high-consequence work-related injuries	0	0	0	0
High-consequence work-related injury rate (excluding fatalities) (per 1,000,000 hours worked)	0	0	0	0
Total manhours worked	183,793	180,066	724,992	917,426

<sup>1</sup> Workers include those involved in development projects and property maintenance (technicians, cleaners, and security officers). Worker manhours were estimated from daily rosters.

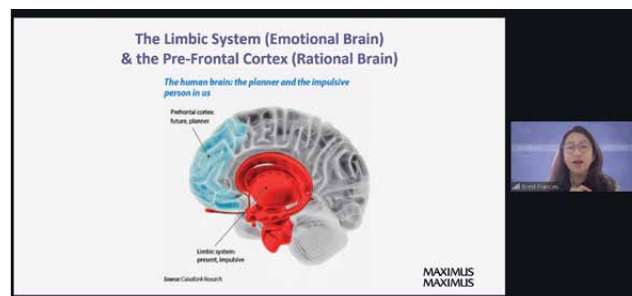
While there was no employee work-related injury and no work-related fatality in 2021, there were two recordable contractor work-related injuries that occurred during renovation works at one of the properties. A contractor had accidentally hit his thumb with a hammer while installing timber backing boards and another had fallen from a ladder while painting. Both contractors were immediately sent to the nearest hospital for treatment and were given sufficient medical leave days to recover. Our contractors have since reviewed their risk assessment procedures, conducted safety briefings for the workers and emphasised the need to safely use hand tools, ladders and helmets. Pre-use inspections of ladders are conducted by our contractors daily to ensure ladders are in good working condition prior to work commencement.

### 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, and organised wellness webinars and fitness events (refer to page 135 in our Employee Engagement chapter to read more about our fitness events in 2021).



"Mental Wellness for WFH Parents" webinar for employees

OUR COMMUNITY



TARGETS

- Develop strategic community engagement programs based on community needs

How We Manage this Issue

The Manager believes in the need to positively impact and contribute to the wider community. Indirect cash and in-kind donations are made by the Manager. These typically take the form of financial support for a community or charitable event, or providing resources or manpower for a particular cause.

COVID-19 Care Initiative

In 2021, ESR-REIT launched the COVID-19 Care Initiative in support of its F&B tenants, frontline heroes, senior citizens and low-income families in the community. F&B tenants have taken a hard hit with the dine-in restrictions and work from home measures. Instead of providing assistance in the form of rental relief, the REIT purchased cash vouchers to help provide a boost in sales. The vouchers were distributed to those affected by the pandemic with the help of Kembangan Chai Chee CC.



From left to right: Speaker of Parliament, Mr Tan Chua-Jin, Voucher recipients (frontline workers), ESR-REIT representatives



Voucher recipient (resident at Kembangan Chai Chee)

Imparting Knowledge in the Next Generation

In line with the focus of our Sponsor, ESR Group, we focused on supporting the children in our community. The Manager has embarked on several initiatives with youth in Singapore in 2021.

In June 2021, our CEO Mr Adrian Chui, was invited to give a lecture on the Singapore REIT market at his alma mater, Nanyang Technological University. Presenting to an audience of mostly year 2 and year 3 undergraduates, Mr Chui provided insights on REITs from inception to management and growth in the sector. He also shared practical tips on real estate valuation and opportunities for future graduates to consider in the real estate sector.



Mr Adrian Chui speaking to NTU students

Kidzcare Tuition Centre at ESR BizPark @ Chai Chee: Supporting Disadvantaged Youth in Partnership with Kembangan-Chai Chee (KCC) Youth Network

Since 2019, ESR-REIT has been partnering with Kidzcare@Kembangan-Chai Chee (an initiative under the Kembangan-Chai Chee Youth Network) to provide a tuition centre for disadvantaged youths. ESR-REIT provides the venue for the KCC Tuition Centre in 3 air-conditioned units at ESR BizPark@Chai Chee and 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.

# SUSTAINABILITY

## GOVERNANCE

The Manager safeguards the REIT's assets and builds stakeholders' trust through strong and robust corporate 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 upholds high standards of corporate governance through strict policies and procedures, training for employees, open communication, and effective risk management.

#### Strict Policies and Procedures Regulation

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, and the listing rules and regulations set out by SGX.

#### Procurement Regulations

Our suppliers include service vendors, utility providers as well as various trades contractors i.e. cleaning, security, building and mechanical and electrical 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. In 2021, the Compliance department, together with Capital Markets and Investor Relations department, conducted a training session on Crisis Management and Business Continuity Plan. Two training sessions on Compliance Policies & Procedures were also conducted in the year.

#### Open Communication for Transparency

The ARCC and Board demonstrate leadership in transparency across the organisation through advocating for 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 valid reports made in good faith. 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 to identify, measure, prioritise and respond to potential risks that 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.

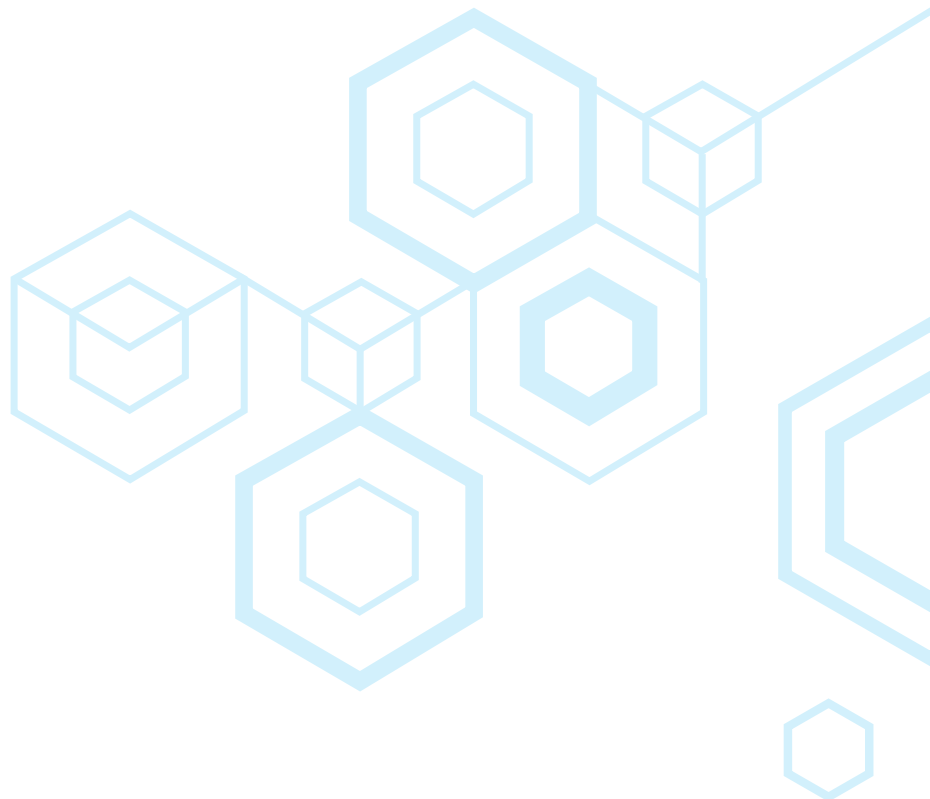
### 2021 Performance: Compliance



Material incidents of non-compliance with laws and regulations

There were no material incidents of non-compliance with laws and regulations in 2021.

For more information on our corporate governance practices and risk management activities, please refer to pages 92-118 on Risk Management and Corporate Governance.



# GRI CONTENT INDEX

This Content Index includes disclosures from the GRI Standards (2016), unless otherwise stated.

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Organisational Profile</b>			
101-2	Name of the organisation	About ESR-REIT	9
102-2	Activities, brands, products, and services	About ESR-REIT	9
102-3	Location of headquarters	About ESR-REIT	9
102-4	Location of operations	About ESR-REIT	9
102-5	Ownership and legal form	About ESR-REIT	9
102-6	Markets served	About ESR-REIT	9
102-7	Scale of the organisation	About ESR-REIT; Key Highlights; Five-Year Financial Highlights; Sustainability Report, Social - Our People	9 20-23 137
102-8	Information on employees and other workers	Sustainability Report, Social - Our People  Data has been compiled manually.	137-138
102-9	Supply chain	Operation overview Sustainability Report, Governance	48 142
102-10	Significant changes to organisation and its supply chain	Message to Unitholders; Year in Brief	14-19
102-11	Precautionary principle or approach	Sustainability Report, Environmental	130
102-12	External initiatives	Sustainability Report, Social - Diversity and Equal Opportunities; How We Manage Sustainability	124, 135
102-13	Memberships in associations (such as industry associations)	Sustainability Report, Stakeholder Engagement	125
102-14	Statement from senior decision-maker	Message to Unitholders, A Statement from Our Board	14-17 121
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	Sustainability Report, Governance	142-143
<b>Governance</b>			
102-18	Governance structure	Organisation Structure; Sustainability Report, How We Manage Sustainability	11 124
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	Sustainability Report, Stakeholder Engagement	125-126
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, Stakeholder Engagement	125
102-43	Approach to stakeholder engagement	Sustainability Report, Stakeholder Engagement	125-126
102-44	Key topics and concerns raised	Sustainability Report, Stakeholder Engagement	125-126

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021 Financial Statements	119, 177
102-46	Definition of report content and topic boundaries	Sustainability Report, Materiality Assessment	124
102-47	List of material topics	Sustainability Report, Materiality Assessment	124
102-48	Restatements of information	Sustainability Report, Environmental – 2021 Performance: electricity, cooling and carbon emissions	132
102-49	Changes in reporting	No significant changes from the 2020 reporting period	
102-50	Reporting period	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021	119
102-51	Date of most recent previous report	Sustainability Report 2020 was published on 7 April 2021	
102-52	Reporting cycle	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021	119
102-53	Contact point for questions regarding the report	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021	119
102-54	Claims of reporting in accordance with GRI Standards	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021	119
102-55	GRI content index	GRI Content Index	144-150
102-56	External assurance	Sustainability Report, Welcome to ESR-REIT's Sustainability Report 2021	119
<b>Material Topics</b>			
<b>Reporting Practice</b>			
201-1	Direct economic value generated and distributed	Financial Statements	177
103-1	Explanation of the material topic and its boundary	Sustainability Report, Economic	128
103-2	The management approach and its components	Value Creation Sustainability Report, Economic	36-37 128
103-3	Evaluation of the management approach	Message to Unitholders; Sustainability Report, Economic	14-17 128
<b>Anti-Corruption</b>			
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report, Sustainability Targets and Performance	123
103-1	Explanation of the material topic and its boundary	Risk Management	94
103-2	The management approach and its components	Risk Management	94
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Targets and Performance	123

# GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Energy</b>			
302-1	Energy consumption within the organisation	Sustainability Report, Environmental – 2021 Performance: electricity, cooling and carbon emissions	132
302-3	Energy intensity	Sustainability Report, Environmental – 2021 Performance: electricity, cooling and carbon emissions	132
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental – Reducing our Energy Consumption and Carbon Emissions	130
103-2	The management approach and its components	Sustainability Report, Environmental – Reducing our Energy Consumption and Carbon Emissions	130-131
103-3	Evaluation of the management approach	Sustainability Report, Environmental – Reducing our Energy Consumption and Carbon Emissions	131-132
<b>Water &amp; Effluents</b>			
303-1 (2018)	Interactions with water as a shared resource	Sustainability Report, Environmental – Reducing our Water Consumption	133
303-2 (2018)	Management of water discharge-related impacts	Sustainability Report, Environmental – Reducing our Water Consumption	133
303-3 (2018)	Water Withdrawal	Sustainability Report, Environmental – 2021 Performance: water withdrawal	133
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental – Reducing our Water Consumption	133
103-2	The management approach and its components	Sustainability Report, How We Manage Sustainability; Environmental – Reducing our Water Consumption	133
103-3	Evaluation of the management approach	Sustainability Report, How We Manage Sustainability; Environmental – Reducing our Water Consumption	133
<b>Emissions</b>			
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report, Environmental – 2021 Performance: electricity, cooling and carbon emissions	132
305-4	GHG emissions intensity	Sustainability Report, Environmental – 2021 Performance: electricity, cooling and carbon emissions	132
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental – Reducing our Energy Consumption and Carbon Emissions	130

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Emissions</b>			
103-2	The management approach and its components	Sustainability Report, How We Manage Sustainability; Environmental – Reducing our Energy Consumption and Carbon Emissions	130-131
103-3	Evaluation of the management approach	Sustainability Report, Sustainability Performance and Targets	122
<b>Waste</b>			
306-1 (2020)	Waste generation and significant waste-related impacts	Sustainability Report, Environmental – Reducing Waste	133
306-2 (2020)	Management of significant waste related impacts	Sustainability Report, Environmental, Reducing Waste	133-134
306-3 (2020)	Waste generated	Sustainability Report, Environmental – 2021 Performance: waste management	133-134
306-4 (2020)	Waste diverted from disposal	Sustainability Report, Environmental – 2021 Performance: waste management	133-134
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental – Reducing Waste	133
103-2	The management approach and its components	Sustainability Report, How We Manage Sustainability; Environmental – Reducing Waste	133
103-3	Evaluation of the management approach	Sustainability Report, How We Manage Sustainability; Environmental – Reducing Waste	133
<b>Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	Sustainability Report, Environmental – Upholding Environmental Compliance	134
103-1	Explanation of the material topic and its boundary	Sustainability Report, Environmental – Upholding Environmental Compliance; Governance – Regulatory Compliance, Governance, and Enterprise Risk Management	134, 142
103-2	The management approach and its components	Sustainability Report, Environmental – Upholding Environmental Compliance; Governance – Regulatory Compliance, Governance, and Enterprise Risk Management	134, 142-143
103-3	Evaluation of the management approach	Sustainability Report, Environmental – Upholding Environmental Compliance; Governance – Regulatory Compliance, Governance, and Enterprise Risk Management	134, 143

# GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Employment</b>			
401-1	New employee hires and employee turnover	Sustainability Report, Social – Diversity and Equal Opportunity	137
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social – Employee Engagement and Satisfaction	135,137
103-2	The management approach and its components	Sustainability Report, How We Manage Sustainability; Social – Training and Education; Diversity and Equal Opportunity	135-137
103-3	Evaluation of the management approach	Sustainability Report, How We Manage Sustainability; Social – Training and Education; Diversity and Equal Opportunity	136,138
<b>Occupational Health and Safety</b>			
403-1 (2018)	Occupational health and safety management system	Sustainability Report, Social – Health and Safety	139
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	Sustainability Report, Social – Health and Safety	139-140
403-3 (2018)	Occupational health services	Sustainability Report, Social – Health and Safety	140
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report, Social – Health and Safety	139
403-5 (2018)	Worker training on occupational health and safety	Sustainability Report, Social – Employee Engagement and Satisfaction; Health and Safety	139
403-6 (2018)	Promotion of worker health	Sustainability Report, Social – Health and Safety	140
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts	Sustainability Report, Social – Health and Safety	139-140
403-9 (2018)	Work-related injuries	Sustainability Report, Social – 2021 Performance: Occupational Health & Safety	140
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social – Health and Safety	139
103-2	The management approach and its components	Sustainability Report, Social – Health and Safety	139-140
103-3	Evaluation of the management approach	Sustainability Report, Social – Health and Safety	139-140
<b>Training and Education</b>			
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Report, Social – Training and Education	136
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social – Training and Education	136

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Training and Education</b>			
103-2	The management approach and its components	Sustainability Report, Social – Training and Education	136
103-3	Evaluation of the management approach	Sustainability Report, Social – Training and Education	136-137
<b>Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	Sustainability Report, Social – Diversity and Equal Opportunity	137-138
103-1	Explanation of the material topic and its boundary	Sustainability Report, Social – Diversity and Equal Opportunity	137
103-2	The management approach and its components	Sustainability Report, Social – Diversity and Equal Opportunity	137
103-3	Evaluation of the management approach	Sustainability Report, Social – Diversity and Equal Opportunity	137-138
<b>Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report, Governance – Regulatory Compliance, Governance and Enterprise Risk Management	143
103-1	Explanation of the material topic and its boundary	Sustainability Report, Stakeholder Engagement; Governance – Regulatory Compliance, Governance and Enterprise Risk Management	142
103-2	The management approach and its components	Sustainability Report, Governance – Regulatory Compliance, Governance and Enterprise Risk Management	142-143
103-3	Evaluation of the management approach	Sustainability Report, Governance – Regulatory Compliance, Governance and Enterprise Risk Management	142-143
<b>Investment Management – Quality of Assets and Services</b>			
N/A	Responsible investing and quality of assets and services	Sustainability Report, Economic – Investment Management - Quality of Assets and Services	128
103-1	Explanation of the material topic and its boundary	Sustainability Report, Economic – Investment Management - Quality of Assets and Services	128
103-2	The management approach and its components	Sustainability Report, Economic – Investment Management - Quality of Assets and Services	128
103-3	Evaluation of the management approach	Sustainability Report, Economic – Investment Management - Quality of Assets and Services	128

# GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Section / Notes	Page Number
<b>Tenant Engagement and Satisfaction</b>			
N/A	Tenant engagement and satisfaction	Sustainability Report, Economic – Tenant Engagement and Satisfaction	129
103-1	Explanation of the material topic and its boundary	Sustainability Report, Economic – Tenant Engagement and Satisfaction	129
103-2	The management approach and its components	Sustainability Report, Economic – Tenant Engagement and Satisfaction	129
103-3	Evaluation of the management approach	Sustainability Report, How We Manage Sustainability – Governance structure; Economic – Tenant Engagement and Satisfaction	129
<b>Local Communities</b>			
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.	126, 141
103-1	Explanation of the material topic and its boundary	Sustainability Report, Stakeholder Engagement; Social – Our Community	141
103-2	The management approach and its components	Sustainability Report, Stakeholder Engagement; Social – Our Community	141
103-3	Evaluation of the management approach	Sustainability Report, Stakeholder Engagement; Social – Our Community	141





## FINANCIAL CONTENTS

- 152 Report of the Trustee
- 153 Statement by the Manager
- 154 Independent Auditor's Report to Unitholders of ESR-REIT
- 159 Statements of Financial Position
- 160 Statement of Total Return
- 161 Distribution Statement
- 163 Statements of Movements in Unitholders' Funds
- 164 Investment Properties Portfolio Statements
- 175 Consolidated Statement of Cash Flows
- 177 Notes to the Financial Statements
- 229 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 2001, 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 159 to 228 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

15 March 2022

## 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 159 to 228 comprising the Statements of Financial Position, Consolidated Statement of Total Return, Consolidated Distribution Statement, Statements of Movements in Unitholders' Funds, Investment Properties Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies, 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 2021, 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 Investment Funds"* 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



Ms. Stefanie Yuen Thio  
Chairperson

Singapore

15 March 2022

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of ESR-REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated investment properties portfolio statement of the Group and the statement of financial position and investment properties portfolio statement of the Trust as at 31 December 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"* issued by the Institute of Singapore Chartered Accountants and present fairly, in all material respects, the consolidated financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2021 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date.

### **Basis for opinion**

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

### **Key audit matters**

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

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

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

## ***Key audit matters (cont'd)***

### Valuation of investment properties held directly or through joint venture and investment at fair value through profit or loss

The Group's investments in property assets comprise investment properties held directly or through joint venture and investment in unquoted property fund. As at 31 December 2021, the respective carrying value of directly held investment properties is \$3.1 billion, investment in joint venture is \$40.7 million, and investment at fair value through profit or loss is \$66.5 million. These investment properties, held directly or indirectly, are stated at fair values based on independent external valuations.

The valuation of investment properties is considered a key audit matter because it requires significant judgement in the determination of the appropriate valuation methodology and the assumptions and estimates that are to be applied in the valuation. The valuation of the investment properties is highly sensitive to changes in the key assumptions applied. The prevailing COVID-19 pandemic continues to result in heightened estimation uncertainty. In this regard, the external valuers highlighted in their valuation reports that property values may change more significantly than during normal market conditions due to the unknown future impact COVID-19 may have on the real estate market.

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

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

We have reviewed the appropriateness of the disclosures in Notes 4 and 27 of the financial statements.

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

## ***Other information***

The Manager of the Trust is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

# INDEPENDENT AUDITOR'S REPORT TO UNITHOLDERS OF ESR-REIT

For the financial year ended 31 December 2021

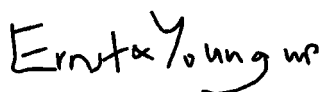
## ***Auditor's responsibilities for the audit of the financial statements (cont'd)***

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

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

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

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

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

**Ernst & Young LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

15 March 2022



# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	3,146,010	3,119,058	1,585,914	1,551,337
Investments in subsidiaries	5	-	-	761,591	792,896
Investment in joint venture	6	40,714	38,018	40,714	38,018
Investment at fair value through profit or loss ("FVTPL")	7	66,542	-	66,542	-
Loans to subsidiaries	8	-	-	636,800	613,500
		<b>3,253,266</b>	<b>3,157,076</b>	<b>3,091,561</b>	<b>2,995,751</b>
<b>Current assets</b>					
Trade and other receivables	9	23,085	12,216	33,421	23,492
Cash and cash equivalents		24,150	18,101	14,164	8,556
		<b>47,235</b>	<b>30,317</b>	<b>47,585</b>	<b>32,048</b>
Investment properties held for divestment	4	29,264	-	29,264	-
		<b>76,499</b>	<b>30,317</b>	<b>76,849</b>	<b>32,048</b>
<b>Total assets</b>		<b>3,329,765</b>	<b>3,187,393</b>	<b>3,168,410</b>	<b>3,027,799</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	10	64,308	62,347	39,245	34,124
Lease liabilities for leasehold land	11	2,717	2,770	2,717	2,770
Interest-bearing borrowings	12	209,439	190,467	209,439	190,467
Derivative financial instruments	14	3,707	3,332	3,707	3,332
Amount due to non-controlling interest	13	62,036	60,262	-	-
		<b>342,207</b>	<b>319,178</b>	<b>255,108</b>	<b>230,693</b>
Liabilities directly attributable to investment properties held for divestment		6,373	-	6,373	-
		<b>348,580</b>	<b>319,178</b>	<b>261,481</b>	<b>230,693</b>
<b>Non-current liabilities</b>					
Trade and other payables	10	20,283	19,729	9,467	10,429
Lease liabilities for leasehold land	11	218,593	226,988	155,097	162,867
Interest-bearing borrowings	12	981,413	988,147	981,413	988,147
Derivative financial instruments	14	9,946	35,246	9,946	35,246
Deferred tax liabilities	22	1,867	-	1,867	-
		<b>1,232,102</b>	<b>1,270,110</b>	<b>1,157,790</b>	<b>1,196,689</b>
<b>Total liabilities</b>		<b>1,580,682</b>	<b>1,589,288</b>	<b>1,419,271</b>	<b>1,427,382</b>
<b>Net assets</b>		<b>1,749,083</b>	<b>1,598,105</b>	<b>1,749,139</b>	<b>1,600,417</b>
Represented by:					
Unitholders' funds		1,597,968	1,446,990	1,598,024	1,449,302
Perpetual securities holders' funds	15	151,115	151,115	151,115	151,115
		<b>1,749,083</b>	<b>1,598,105</b>	<b>1,749,139</b>	<b>1,600,417</b>
<b>Units in issue ('000)</b>	16	<b>4,030,257</b>	<b>3,576,362</b>	<b>4,030,257</b>	<b>3,576,362</b>
<b>Net asset value per Unit (cents)</b>		<b>39.6</b>	<b>40.5</b>	<b>39.7</b>	<b>40.5</b>

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

# STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2021

		Group	
	Note	2021 \$'000	2020 \$'000
<b>Gross revenue</b>	17	<b>241,286</b>	229,924
Property expenses	18	<b>(68,025)</b>	(65,717)
Net property income		<b>173,261</b>	164,207
Income from investment at FVTPL		<b>1,536</b>	–
Interest income		<b>20</b>	17
Management fees	19	<b>(14,840)</b>	(14,639)
Trust expenses	20	<b>(2,772)</b>	(8,653)
Borrowing costs	21	<b>(43,889)</b>	(45,246)
Finance costs on lease liabilities for leasehold land	11	<b>(11,825)</b>	(11,575)
<b>Net income</b>		<b>101,491</b>	84,111
Foreign exchange gain		<b>3,125</b>	–
Change in fair value of investment at FVTPL		<b>9,312</b>	–
Change in fair value of financial derivatives		<b>24,925</b>	(16,302)
Change in fair value of investment properties	4	<b>(40,381)</b>	(59,704)
Change in fair value of right-of-use of leasehold land	11	<b>1,588</b>	1,629
Share of results of joint venture	6	<b>7,701</b>	3,010
<b>Total return for the year before income tax</b>		<b>107,761</b>	12,744
Income tax expense	22	<b>(2,162)</b>	(12)
<b>Total return for the year after income tax</b>		<b>105,599</b>	12,732
<b>Attributable to:</b>			
Unitholders of the Trust and perpetual securities holders		<b>101,521</b>	9,689
Non-controlling interest		<b>4,078</b>	3,043
<b>Total return for the year</b>		<b>105,599</b>	12,732
<b>Earnings per Unit (cents)</b>			
Basic and diluted	23	<b>2.481</b>	0.079
<b>Distribution per Unit (cents)</b>	23	<b>2.987</b>	2.800

# DISTRIBUTION STATEMENT

For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
Total return after income tax, before distribution for the year	101,521	9,689
Add: Distribution adjustments (Note A)	18,947	96,357
	<b>120,468</b>	106,046
Amount reserved for distributions to perpetual securities holders	<b>(6,900)</b>	(6,919)
<b>Net income available for distribution to Unitholders</b>	<b>113,568</b>	99,127
<b>Total amount available for distribution comprising:</b>		
- Taxable income	113,568	99,127
- Tax-exempt income	183	-
- Capital distribution	642	-
	<b>114,393</b>	99,127
Less: Distributions (Note B)	<b>(85,323)</b>	(69,179)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>29,070</b>	29,948
<b>Note A – Distribution adjustments</b>		
<b>Non-tax deductible/(chargeable) items and other adjustments:</b>		
Management fees paid/payable in Units	6,033	5,280
Property Manager's fees paid/payable in Units	2,872	2,051
Trustee's fees	595	544
Amortisation of transaction costs relating to debt facilities	7,261	5,947
Unrealised foreign exchange gain	(3,134)	-
Change in fair value of investment at FVTPL	(9,312)	-
Change in fair value of investment properties	40,381	59,704
Change in fair value of financial derivatives	(24,925)	16,302
Legal and professional fees	95	4,800
Adjustment for straight line rent and lease incentives	(1,140)	(737)
Share of results of joint venture	(7,701)	(3,010)
Distributable income from joint venture	5,937	4,798
Foreign sourced income, net of tax	(1,403)	-
Withholding tax paid for capital gain	209	-
Deferred tax expense	1,867	-
Miscellaneous expenses	850	1,443
Non-controlling interest share of non-tax deductible items	572	(812)
Net profit from non-tax transparent Singapore subsidiaries	(149)	-
Rollover adjustment from prior years	(171)	47
Interest expense adjustment	210	-
<b>Net effect of distribution adjustments</b>	<b>18,947</b>	96,357

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

# DISTRIBUTION STATEMENT

For the financial year ended 31 December 2021

## Note B – Distributions

	Group	
	2021 \$'000	2020 \$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.712 cents per Unit for the period from 1/7/2021 to 30/9/2021	28,532	–
Distribution of 0.344 cents per Unit for the period from 18/5/2021 to 30/6/2021	13,338	–
Distribution of 0.410 cents per Unit for the period from 1/4/2021 to 17/5/2021	14,724	–
Distribution of 0.800 cents per Unit for the period from 1/1/2021 to 31/3/2021	28,729	–
Distribution of 0.798 cents per Unit for the period from 1/7/2020 to 30/9/2020	–	28,274
Distribution of 0.662 cents per Unit for the period from 1/4/2020 to 30/6/2020	–	23,375
Distribution of 0.500 cents per Unit for the period from 1/1/2020 to 31/3/2020	–	17,530
	<b>85,323</b>	69,179
Distribution of 0.840 cents per Unit for the period from 1/10/2020 to 31/12/2020	30,041	–
Distribution of 0.855 cents per Unit for the period from 14/10/2019 to 31/12/2019	–	29,817
	<b>115,364</b>	98,996
Total distributions to Unitholders during the financial year <sup>1</sup>		

<sup>1</sup> Distributions were partly paid by ESR-REIT issuing an aggregate of 43.5 million Units amounting to \$18.6 million (2020: 66.0 million Units amounting to \$26.0 million), pursuant to the Distribution Reinvestment Plan.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2021

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>1,446,990</b>	1,508,576	<b>1,449,302</b>	1,530,318
<b>Operations</b>				
Total return/(loss) for the year after tax attributable to Unitholders and perpetual securities holders	<b>101,521</b>	9,689	<b>99,265</b>	(9,741)
Less: Amount reserved for distribution to perpetual securities holders	<b>(6,900)</b>	(6,919)	<b>(6,900)</b>	(6,919)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b>94,621</b>	2,770	<b>92,365</b>	(16,660)
<b>Unitholders' transactions</b>				
Management fees paid in Units	<b>7,377</b>	8,887	<b>7,377</b>	8,887
Units issued through Distribution Reinvestment Plan	<b>18,572</b>	25,972	<b>18,572</b>	25,972
Private placement	<b>100,000</b>	–	<b>100,000</b>	–
Preferential offering	<b>49,629</b>	–	<b>49,629</b>	–
Equity issue costs pursuant to: (Note 24)				
– Distribution Reinvestment Plan	<b>(400)</b>	(399)	<b>(400)</b>	(399)
– Private placement	<b>(2,239)</b>	15	<b>(2,239)</b>	15
– Preferential offering	<b>(1,218)</b>	165	<b>(1,218)</b>	165
Distributions to Unitholders	<b>(115,364)</b>	(98,996)	<b>(115,364)</b>	(98,996)
<b>Net increase/(decrease) in Unitholders' funds resulting from Unitholders' transactions</b>	<b>56,357</b>	(64,356)	<b>56,357</b>	(64,356)
<b>Balance at end of the year</b>	<b>1,597,968</b>	1,446,990	<b>1,598,024</b>	1,449,302
<b>Perpetual Securities Holders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>151,115</b>	151,115	<b>151,115</b>	151,115
Amount reserved for distribution to perpetual securities holders	<b>6,900</b>	6,919	<b>6,900</b>	6,919
Distributions to perpetual securities holders	<b>(6,900)</b>	(6,919)	<b>(6,900)</b>	(6,919)
<b>Balance at end of the year</b>	<b>151,115</b>	151,115	<b>151,115</b>	151,115
<b>Total</b>	<b>1,749,083</b>	1,598,105	<b>1,749,139</b>	1,600,417

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust</b>				
<b>Logistics/Warehousing Properties<sup>1</sup></b>				
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	10 <sup>5</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 <sup>6</sup>	25 Changi South Ave 2 Singapore 486594
160 KALLANG WAY	Leasehold	30+30	11 <sup>7</sup>	160 Kallang Way Singapore 349246
+ 3C TOH GUAN ROAD EAST	Leasehold	30+30	– <sup>8</sup>	3C Toh Guan Road East Singapore 608832
4/6 CLEMENTI LOOP	Leasehold	30+30	32 <sup>9</sup>	4/6 Clementi Loop Singapore 129810 and 129814
24 JURONG PORT ROAD	Leasehold	30+12	15 <sup>10</sup>	24 Jurong Port Road Singapore 619097
3 PIONEER SECTOR 3	Leasehold	30+30	29 <sup>11</sup>	3 Pioneer Sector 3 Singapore 628342
15 GREENWICH DRIVE	Leasehold	30	20 <sup>12</sup>	15 Greenwich Drive Singapore 534022
46A TANJONG PENJURU	Leasehold	30+14	28 <sup>61</sup>	46A Tanjong Penjuru
<b>Total Logistics/Warehousing Properties held by the Trust</b>				
<b>General Industrial Properties<sup>2</sup></b>				
70 SELETAR AEROSPACE VIEW	Leasehold	30	20 <sup>13</sup>	70 Seletar Aerospace View Singapore 797564
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	17 <sup>14</sup>	30 Teban Gardens Crescent Singapore 608927
30 TOH GUAN ROAD	Leasehold	30+30	34 <sup>16</sup>	30 Toh Guan Road Singapore 608840
128 JOO SENG ROAD	Leasehold	30+30	30 <sup>17</sup>	128 Joo Seng Road Singapore 368356
130 JOO SENG ROAD	Leasehold	30+30	30 <sup>18</sup>	130 Joo Seng Road Singapore 368357
136 JOO SENG ROAD	Leasehold	30+30	29 <sup>19</sup>	136 Joo Seng Road Singapore 368360
+ 11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	– <sup>20</sup>	11 Serangoon North Avenue 5 Singapore 554809
79 TUAS SOUTH STREET 5	Leasehold	30+30	38 <sup>21</sup>	79 Tuas South Street 5 Singapore 637604

**Balance carried forward**

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
100	100	10,300	10,400	0.59	0.72
100	100	12,000	12,200	0.69	0.84
100	100	24,400	25,100	1.40	1.73
-	76	-	30,500	-	2.11
92	76	39,200	39,200	2.24	2.71
98	96	85,700	85,200	4.90	5.89
93	99	98,100	96,200	5.61	6.65
100	100	93,500	96,500	5.35	6.67
100	-	119,600	-	6.84	-
		<b>482,800</b>	<b>395,300</b>	<b>27.62</b>	<b>27.32</b>
-	100	7,000	7,300	0.40	0.50
100	100	30,500	30,500	1.74	2.11
97	95	60,800	58,400	3.48	4.04
96	96	11,700	11,700	0.67	0.81
100	100	15,300	15,300	0.87	1.06
100	100	12,600	12,600	0.72	0.87
-	85	-	20,000	-	1.38
100	100	10,700	10,700	0.61	0.74
		<b>148,600</b>	<b>166,500</b>	<b>8.49</b>	<b>11.51</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Properties Held By The Trust (cont'd)</b>				
<b>General Industrial Properties (cont'd)</b>				
<b>Balance brought forward</b>				
31 TUAS AVENUE 11	Leasehold	30+30	32 <sup>22</sup>	31 Tuas Avenue 11 Singapore 639105
1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	39/44 <sup>23</sup>	1/2 Changi North Street 2 Singapore 498808/498775
9 TUAS VIEW CRESCENT	Leasehold	30+30	37 <sup>24</sup>	9 Tuas View Crescent Singapore 637612
^ 28 SENOKO DRIVE	Leasehold	30+30	18 <sup>25</sup>	28 Senoko Drive Singapore 758214
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 <sup>26</sup>	31 Changi South Avenue 2 Singapore 486478
22 CHIN BEE DRIVE	Leasehold	30	14 <sup>27</sup>	22 Chin Bee Drive Singapore 619870
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	35 <sup>47</sup>	54 Serangoon North Avenue 4 Singapore 555854
2 TUAS SOUTH AVENUE 2	Leasehold	60	37 <sup>28</sup>	2 Tuas South Ave 2 Singapore 637601
21B SENOKO LOOP	Leasehold	30+30	31 <sup>29</sup>	21B Senoko Loop Singapore 758171
60 TUAS SOUTH STREET 1	Leasehold	30	13 <sup>30</sup>	60 Tuas South Street 1 Singapore 639925
5/7 GUL STREET 1	Leasehold	29.5	16 <sup>31</sup>	5/7 Gul Street 1 Singapore 629318/629320
28 WOODLANDS LOOP	Leasehold	30+30	34 <sup>32</sup>	28 Woodlands Loop Singapore 738308
25 PIONEER CRESCENT	Leasehold	30+28	45 <sup>33</sup>	25 Pioneer Crescent Singapore 628554
11 WOODLANDS WALK	Leasehold	30+30	34 <sup>34</sup>	11 Woodlands Walk Singapore 738265
43 TUAS VIEW CIRCUIT	Leasehold	30	16 <sup>35</sup>	43 Tuas View Circuit Singapore 637360
13 JALAN TERUSAN	Leasehold	28	13 <sup>36</sup>	13 Jalan Terusan Singapore 619293
160A GUL CIRCLE	Leasehold	27	19 <sup>37</sup>	160A Gul Circle Singapore 629618
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	37 <sup>38</sup>	3 Tuas South Avenue 4 Singapore 637610
<b>Balance carried forward</b>				

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



# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
		<b>148,600</b>	<i>166,500</i>	<b>8.49</b>	<i>11.51</i>
<b>100</b>	100	<b>12,100</b>	12,100	<b>0.69</b>	0.84
<b>100</b>	100	<b>22,400</b>	22,400	<b>1.28</b>	1.55
<b>-</b>	100	<b>10,000</b>	10,000	<b>0.57</b>	0.69
<b>100</b>	100	<b>11,916</b>	13,600	<b>0.68</b>	0.94
<b>100</b>	100	<b>13,300</b>	13,200	<b>0.76</b>	0.91
<b>-</b>	-	<b>13,900</b>	14,300	<b>0.79</b>	0.99
<b>99</b>	99	<b>22,900</b>	22,000	<b>1.31</b>	1.52
<b>100</b>	100	<b>36,700</b>	36,700	<b>2.10</b>	2.54
<b>-</b>	100	<b>22,800</b>	27,500	<b>1.30</b>	1.90
<b>100</b>	100	<b>4,100</b>	4,100	<b>0.23</b>	0.28
<b>63</b>	66	<b>13,900</b>	13,900	<b>0.79</b>	0.96
<b>100</b>	100	<b>17,300</b>	17,300	<b>0.99</b>	1.20
<b>100</b>	100	<b>16,400</b>	16,400	<b>0.94</b>	1.13
<b>100</b>	100	<b>17,600</b>	17,400	<b>1.01</b>	1.20
<b>100</b>	100	<b>17,400</b>	17,400	<b>0.99</b>	1.20
<b>100</b>	100	<b>25,000</b>	25,000	<b>1.43</b>	1.73
<b>82</b>	82	<b>13,700</b>	13,700	<b>0.78</b>	0.95
<b>100</b>	100	<b>43,200</b>	43,000	<b>2.47</b>	2.97
		<b>483,216</b>	<i>506,500</i>	<b>27.6</b>	<i>35.01</i>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b><u>Properties Held By The Trust (cont'd)</u></b>				
<b>General Industrial Properties (cont'd)</b>				
<b><i>Balance brought forward</i></b>				
8 TUAS SOUTH LANE	Leasehold	30+16	32 <sup>39</sup>	8 Tuas South Lane Singapore 637302
120 PIONEER ROAD	Leasehold	30+28	33 <sup>40</sup>	120 Pioneer Road Singapore 639597
<sup>^</sup> 45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 <sup>41</sup>	45 Changi South Avenue 2 Singapore 486133
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/ 30+30	32/32 <sup>42</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736
86/88 INTERNATIONAL ROAD	Leasehold	30+30	33 <sup>43</sup>	86/88 International Road Singapore 629176/629177
<b>Total General Industrial Properties held by the Trust</b>				
<b>High-Specs Industrial Properties<sup>3</sup></b>				
21/23 UBI ROAD 1	Leasehold	30+30	35 <sup>44</sup>	21/23 Ubi Road 1 Singapore 408724/408725
2 JALAN KILANG BARAT	Leasehold	99	41 <sup>45</sup>	2 Jalan Kilang Barat Singapore 159346
11 CHANG CHARN ROAD	Leasehold	99	35 <sup>46</sup>	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	29 <sup>48</sup>	12 Ang Mo Kio Street 65 Singapore 569060
16 TAI SENG STREET	Leasehold	30+30	46 <sup>15</sup>	16 Tai Seng Street Singapore 534138
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	28 <sup>49</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
<b>Total High-Specs Industrial Properties held by the Trust</b>				
<b>Business Park Properties<sup>4</sup></b>				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	35 <sup>50</sup>	16 International Business Park Singapore 609929
<b>Total Business Park Properties held by the Trust</b>				
<b>Total Properties held by the Trust</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 %	2020 %
			<b>483,216</b>	<i>506,500</i>	<b>27.6</b>	<i>35.01</i>
<b>100</b>	92		<b>103,700</b>	103,700	<b>5.93</b>	7.17
<b>84</b>	66		<b>36,500</b>	36,500	<b>2.09</b>	2.52
<b>68</b>	68		<b>10,975</b>	10,300	<b>0.63</b>	0.71
<b>79</b>	59		<b>25,900</b>	25,600	<b>1.48</b>	1.77
<b>100</b>	100		<b>40,500</b>	39,800	<b>2.32</b>	2.75
			<b>700,791</b>	<b>722,400</b>	<b>40.05</b>	<b>49.93</b>
<b>82</b>	83		<b>36,500</b>	36,400	<b>2.09</b>	2.52
<b>100</b>	77		<b>28,800</b>	28,500	<b>1.65</b>	1.97
<b>39</b>	42		<b>28,100</b>	28,500	<b>1.61</b>	1.97
<b>91</b>	91		<b>37,000</b>	37,600	<b>2.12</b>	2.60
<b>40</b>	73		<b>58,500</b>	58,500	<b>3.34</b>	4.04
<b>100</b>	100		<b>46,000</b>	46,500	<b>2.63</b>	3.21
			<b>234,900</b>	<b>236,000</b>	<b>13.44</b>	<b>16.31</b>
<b>100</b>	100		<b>32,500</b>	32,000	<b>1.86</b>	2.21
			<b>32,500</b>	<b>32,000</b>	<b>1.86</b>	<b>2.21</b>
			<b>1,450,991</b>	<b>1,385,700</b>	<b>82.97</b>	<b>95.77</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b><u>Properties Held By Subsidiaries</u></b>				
<b>Logistics/Warehousing Properties<sup>1</sup></b>				
6 CHIN BEE AVENUE	Leasehold	30	22 <sup>51</sup>	6 Chin Bee Avenue Singapore 619930
30 PIONEER ROAD	Leasehold	30	15 <sup>52</sup>	30 Pioneer Road Singapore 628502
<b>Total Logistics/Warehousing Properties held by subsidiaries</b>				
<b>General Industrial Properties<sup>2</sup></b>				
11 UBI ROAD 1	Leasehold	30+30/ 21+30	34 <sup>54</sup>	11 Ubi Road 1 Singapore 408723
29 TAI SENG STREET	Leasehold	30+30	45 <sup>55</sup>	29 Tai Seng Street Singapore 534120
11 LORONG 3 TOA PAYOH	Leasehold	60	7 <sup>56</sup>	11 Lorong 3 Toa Payoh Singapore 319579
81 TUAS BAY DRIVE	Leasehold	60	45 <sup>57</sup>	81 Tuas Bay Drive Singapore 637308
<b>Total General Industrial Properties held by subsidiaries</b>				
<b>High-Specs Industrial Properties<sup>3</sup></b>				
19 TAI SENG AVENUE	Leasehold	30+30	46 <sup>53</sup>	19 Tai Seng Avenue Singapore 534054
# 7000 ANG MO KIO AVENUE <sup>5</sup>	Leasehold	32+30	35 <sup>58</sup>	7000 Ang Mo Kio Avenue 5 Singapore 569877
<b>Total High-Specs Industrial Properties held by subsidiaries</b>				
<b>Business Park Properties<sup>4</sup></b>				
750 – 750E CHAI CHEE ROAD	Leasehold	60/43	9/9 <sup>59</sup>	750 to 750E Chai Chee Road Singapore 469000
6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 <sup>60</sup>	6/8 Changi Business Park Avenue 1 Singapore 486017
2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 <sup>60</sup>	2/4 Changi Business Park Avenue 1 Singapore 486015
<b>Total Business Park Properties held by subsidiaries</b>				
<b>Total Properties held by subsidiaries</b>				
<b>Total Properties held by the Group</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Occupancy rate		Independent Valuation		Percentage of Net assets attributable to Unitholders	
2021	2020	2021	2020	2021	2020
%	%	\$'000	\$'000	%	%
100	100	96,400	96,400	5.51	6.66
100	100	41,400	41,400	2.37	2.86
		<b>137,800</b>	<b>137,800</b>	<b>7.88</b>	<b>9.52</b>
100	100	87,500	87,300	5.00	6.03
100	100	35,500	35,500	2.03	2.45
75	84	48,700	51,500	2.78	3.56
100	100	28,000	28,000	1.60	1.94
		<b>199,700</b>	<b>202,300</b>	<b>11.41</b>	<b>13.98</b>
76	27	49,300	44,800	2.82	3.10
97	97	306,200	302,500	17.51	20.91
		<b>355,500</b>	<b>347,300</b>	<b>20.33</b>	<b>24.01</b>
81	80	257,600	278,200	14.72	19.23
57	53	381,000	373,000	21.78	25.78
100	100	165,000	165,000	9.43	11.40
		<b>803,600</b>	<b>816,200</b>	<b>45.93</b>	<b>56.41</b>
		<b>1,496,600</b>	<b>1,503,600</b>	<b>85.55</b>	<b>103.92</b>
		<b>2,947,591</b>	<b>2,889,300</b>	<b>168.52</b>	<b>199.69</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

			Percentage of Net assets attributable to Unitholders	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<b>Trust</b>				
Investment properties, at valuation (Note 4)	1,450,991	1,385,700	90.80	95.61
Other assets and liabilities (net)	298,148	214,717	18.66	14.82
Net assets of the Trust	1,749,139	1,600,417	109.46	110.43
Perpetual securities holders' funds	(151,115)	(151,115)	(9.46)	(10.43)
Net assets attributable to Unitholders' Funds	1,598,024	1,449,302	100.00	100.00
<b>Group</b>				
Investment properties, at valuation (Note 4)	2,947,591	2,889,300	184.46	199.68
Other assets and liabilities (net)	(1,198,508)	(1,291,195)	(75.00)	(89.23)
Net assets of the Group	1,749,083	1,598,105	109.46	110.45
Perpetual securities holders' funds	(151,115)	(151,115)	(9.46)	(10.45)
Net assets attributable to Unitholders' Funds	1,597,968	1,446,990	100.00	100.00

	Independent Valuation	
	2021 \$'000	2020 \$'000

As disclosed in the Statement of Financial Position:

**Trust**

Investment properties (non-current)	1,585,914	1,551,337
Investment properties held for divestment (current)	29,264	-
Less: Right-of-use assets (Note 4)	(164,187)	(165,637)
<b>Total investment properties, at valuation</b>	<b>1,450,991</b>	<b>1,385,700</b>

**Group**

Investment properties (non-current)	3,146,010	3,119,058
Investment properties held for divestment (current)	29,264	-
Less: Right-of-use assets (Note 4)	(227,683)	(229,758)
<b>Total investment properties, at valuation</b>	<b>2,947,591</b>	<b>2,889,300</b>

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

## Notes:

- <sup>1</sup> Logistics/Warehousing properties are typically equipped with high floor loading and also have a high floor-to-ceiling height. Such buildings can be either single-storey or multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.
  - <sup>2</sup> General Industrial properties can be single or multi-storey facilities dedicated to general industrial, manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.
  - <sup>3</sup> High-specs Industrial properties are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
  - <sup>4</sup> Business Parks are clusters of buildings and offices typically dedicated to business activities relating to high-technology, research and development (R&D) value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
  - <sup>5</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
  - <sup>6</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
  - <sup>7</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
  - <sup>8</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
  - <sup>9</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
  - <sup>10</sup> ESR-REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
  - <sup>11</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
  - <sup>12</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
  - <sup>13</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
  - <sup>14</sup> ESR-REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
  - <sup>15</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
  - <sup>16</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
  - <sup>17</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
  - <sup>18</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
  - <sup>19</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
  - <sup>20</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
  - <sup>21</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
  - <sup>22</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
  - <sup>23</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.
  - <sup>24</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
  - <sup>25</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
  - <sup>26</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
  - <sup>27</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
  - <sup>28</sup> ESR-REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
  - <sup>29</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
  - <sup>30</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
  - <sup>31</sup> ESR-REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
  - <sup>32</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - <sup>33</sup> ESR-REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
  - <sup>34</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - <sup>35</sup> ESR-REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
  - <sup>36</sup> ESR-REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
  - <sup>37</sup> ESR-REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
  - <sup>38</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
  - <sup>39</sup> ESR-REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
  - <sup>40</sup> ESR-REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
  - <sup>41</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
  - <sup>42</sup> ESR-REIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 year lease commencing from 1 December 1993 for 513 Yishun.
  - <sup>43</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
  - <sup>44</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
  - <sup>45</sup> ESR-REIT holds the remainder of a 99 year lease commencing from 1 July 1963.
  - <sup>46</sup> ESR-REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
  - <sup>47</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
  - <sup>48</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
  - <sup>49</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
  - <sup>50</sup> ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
  - <sup>51</sup> Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
  - <sup>52</sup> Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.
  - <sup>53</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
  - <sup>54</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 September 1995 for Plot 1 and 21+30 year lease commencing from 1 September 2004 for Plot 2.
  - <sup>55</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.
  - <sup>56</sup> Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.
  - <sup>57</sup> Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.
  - <sup>58</sup> 7000 AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.
  - <sup>59</sup> Viva Trust holds the remainder of a 60 year lease commencing from 1 April 1971 for Plot 1: Lot 8134N Mukim 27 and 43 year lease commencing from 1 March 1988 for Plot 2: Lot 7837V Mukim 27.
  - <sup>60</sup> Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.
  - <sup>61</sup> ESR-REIT holds the remainder of a 30+14 year lease commencing from 1 May 2006.
- + Property divested during the financial year.  
 ^ Property classified as held for divestment at year-end.  
 # Property is on 100% basis which includes a 20% non-controlling interest.

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2021

Investment properties comprise a diversified portfolio of industrial properties that are leased to external tenants. All of the leases are structured under single-tenancy or multi-tenancy and the tenancies range from two to twenty-five years for single tenancy and five months to fifteen years for multi-tenancy.

An independent valuation exercise was conducted for all the investment properties in December 2021 by Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd and Cushman & Wakefield VHS Pte Ltd. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach and discounted cash flows method in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

As at 31 December 2021, the valuations adopted for investment properties amounted to \$2.95 billion (2020: \$2.89 billion). The net fair value loss on investment properties recognised in the Statement of Total Return is \$40.4 million (2020: \$59.7 million). The investment properties are fully unencumbered as at 31 December 2021 and 2020.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Total return before income tax for the year	107,761	12,744
Adjustments for:		
Interest income	(20)	(17)
Unrealised foreign exchange gain	(3,134)	-
Borrowing costs	43,889	45,246
Management fees paid/payable in Units	6,033	5,280
Property Manager's fees paid/payable in Units	2,872	2,051
Share of results of joint venture	(7,701)	(3,010)
Finance costs on lease liabilities for leasehold land	11,825	11,575
Income from investment at FVTPL	(1,536)	-
Change in fair value of financial derivatives	(24,925)	16,302
Change in fair value of investment properties	40,381	59,704
Change in fair value of right-of-use of leasehold land	(1,588)	(1,629)
Change in fair value of investment at FVTPL	(9,312)	-
<b>Operating income before working capital changes</b>	<b>164,545</b>	<b>148,246</b>
Changes in working capital:		
Trade and other receivables	(10,735)	(717)
Trade and other payables	(341)	13,924
<b>Cash generated from operating activities</b>	<b>153,469</b>	<b>161,453</b>
Income tax paid	(698)	(11)
<b>Net cash generated from operating activities</b>	<b>152,771</b>	<b>161,442</b>
<b>Cash flows from investing activities</b>		
Interest received	20	17
Capital expenditure on investment properties	(28,477)	(10,939)
Acquisition of investment at FVTPL	(64,979)	-
Acquisition of an investment property	(124,292)	-
Deposits received for investment properties held for divestment	1,210	-
Proceeds from disposal of investment properties	52,760	-
Dividend received from joint venture	5,004	4,798
Income from investment at FVTPL	1,536	-
Return of capital from investment at FVTPL	7,882	-
<b>Net cash used in investing activities</b>	<b>(149,336)</b>	<b>(6,124)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new Units	149,629	-
Finance costs paid	(44,279)	(44,769)
Equity issue costs paid	(3,707)	(374)
Proceeds from borrowings	548,630	361,000
Repayment of borrowings	(531,985)	(375,000)
Loan from non-controlling interest	1,200	-
Distributions paid to Unitholders (Note A)	(96,792)	(73,024)
Distributions paid to perpetual securities holders	(6,900)	(6,919)
Distributions paid to non-controlling interest	(2,941)	(3,847)
Payment of interest portion of lease liabilities for leasehold land	(8,097)	(8,023)
Payment of principal portion of lease liabilities for leasehold land	(2,141)	(1,923)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,617</b>	<b>(152,879)</b>
Net increase in cash and cash equivalents	6,052	2,439
Cash and cash equivalents at 1 January	18,101	15,662
Effect of exchange rate fluctuations on cash held	(3)	-
<b>Cash and cash equivalents at 31 December</b>	<b>24,150</b>	<b>18,101</b>

**Note:**

**(A) Distributions paid to Unitholders**

Distributions during the year ended 31 December 2021 were partially paid by issuing an aggregate of 43.5 million new Units (2020: 66.0 million new Units) amounting to \$18.6 million (2020: \$26.0 million) pursuant to the Distribution Reinvestment Plan.

	Group	
	2021	2020
	\$'000	\$'000
Distributions paid to Unitholders	(115,364)	(98,996)
Distributions paid in Units pursuant to Distribution Reinvestment Plan	18,572	25,972
Net distributions paid to Unitholders in cash	<b>(96,792)</b>	<b>(73,024)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL

ESR-REIT (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 31 March 2006 (as amended) entered into between ESR Funds Management (S) Limited (the "Manager") and RBC Investor Services Trust Singapore Limited (the "Trustee"), and is governed by the laws of the Republic of Singapore ("Trust Deed"). On 31 March 2006, ESR-REIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

On 25 July 2006, ESR-REIT was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 3 April 2006, ESR-REIT was included under the Central Provident Fund ("CPF") Investment Scheme.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Trust and its subsidiaries.

The principal activity of ESR-REIT is to invest in a diversified portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activities of the subsidiaries and joint venture are set out in Note 5 and Note 6 to the financial statements.

The Trustee and Perpetual (Asia) Limited (the "Sub-trust trustee"), in its capacity as the trustee of Viva Trust (the "Sub-trust"), have entered into several service agreements in relation to the management of ESR-REIT and its Sub-trust and their property operations.

The fee structures for these services are as follows:

### (A) Trustee's fees

#### *The Trust*

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the deposited property of ESR-REIT, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.016% per annum of the value of the Group's deposited property, excluding the deposited property of the Sub-trust. In addition, the Trustee charges a sub-trust administration fee of \$7,000 per month in respect of Viva Trust.

#### *The Sub-trust*

Pursuant to the trust deed entered into by the Manager and the Sub-trust Trustee, the fees of the Sub-trust Trustee shall not exceed 0.1% per annum of the value of the deposited property of Viva Trust, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Sub-trust Trustee from time to time. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the deposited property of the Sub-trust, subject to a minimum fee of \$15,000 per month.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL (CONT'D)

### (B) Management fees

Under the Trust Deed, the Manager is entitled to receive a base fee and performance fee as follows:

- (a) base fee ("Base Fee") of 0.5% per annum of the value of the deposited property or such higher percentage as may be fixed by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provision of the Trust Deed; and
- (b) performance fee ("Performance Fee"), computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of Units in issue for such financial year, provided that the Highest DPU Threshold is achieved.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable ("Highest DPU Threshold"). Whenever a Performance Fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a Performance Fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculating the Performance Fee, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of deposited property as at the end of the financial year (referred to as the "annual fee cap").

### (C) Acquisition and disposal fees

Under the Trust Deed, the Manager is also entitled to receive the following fees:

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
  - (i) the purchase price, excluding GST, of any real estate acquired, whether directly by ESR-REIT or indirectly through a special purpose vehicle;
  - (ii) the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate) where ESR-REIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - ESR-REIT shall hold or invest in at least 50% of the equity of such entity; or
    - if ESR-REIT holds or invests in 30% or more but less than 50% of the equity of such entity, ESR-REIT shall have management control of the underlying real estate and/or such entity;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL (CONT'D)

### (C) Acquisition and disposal fees (cont'd)

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting (cont'd):
- (iii) the value of any shareholder's loan extended by ESR-REIT to the entity referred to in paragraph (ii) above, provided that the provision in paragraph (ii) is complied with; and
  - (iv) the value of any investment by ESR-REIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (ii)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (b) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
- (i) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(a)(i) above for the acquisition fee;
  - (ii) in relation to an investment of the type referred to in paragraph (C)(a)(ii) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-REIT's interest in such real estate);
  - (iii) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(a)(iii) above for the acquisition fee; and
  - (iv) the value of an investment referred to in paragraph (C)(a)(iv) above for the acquisition fee.

The Manager may opt to receive acquisition and disposal fees in the form of cash or Units or a combination of cash and Units as it may determine.

### (D) Development management fee

Pursuant to the amended and restated Trust Deed as approved and adopted by the Unitholders at the extraordinary general meeting held on 12 September 2019, the Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT, subject to the following:

- (a) when the estimated total project costs are greater than \$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee payable to the Manager, and the Manager may be directed by its independent directors to reduce the development management fee;
- (b) in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the development management fee, the Manager's independent directors shall have the discretion to direct the Manager to reduce the development management fee to such amount which is less than 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-REIT; and

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL (CONT'D)

### (D) Development management fee (cont'd)

- (c) any increase in the percentage of the development management fee or any change in the structure of the development management fee shall be approved by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

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

The development management fee shall be payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs have been finalised.

The Manager may opt to receive the development management fee in the form of cash or a combination of cash and Units as it may determine.

### (E) Property Manager's fees

ESR Property Management (S) Pte. Ltd. (the "Property Manager"), as property manager for all of ESR-REIT's properties including those held through 7000 AMK LLP and Viva Trust, is entitled to receive the following fees:

- (a) A property management fee of 2.0% per annum of the gross revenue of the relevant property;
- (b) A lease management fee of 1.0% per annum of the gross revenue of the relevant property;
- (c) A marketing services commission equivalent to:
- (i) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (ii) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (iii) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (iv) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1. GENERAL (CONT'D)

### (E) Property Manager's fees (cont'd)

- (d) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the Monetary Authority of Singapore ("MAS")), the refurbishment, retrofitting and renovation works on a property, as follows:
- (i) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (ii) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (iii) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (iv) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (e) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
- (i) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (ii) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (iii) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

The above-mentioned fee is a lump sum fixed fee based on the property tax savings calculated over a 12-month period.

The Property Manager may opt to receive property and lease management fees in the form of cash or Units or a combination of cash and Units as it may determine.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, investment at FVTPL and derivative financial instruments, which are stated at fair value as described in Note 27.

As at 31 December 2021, the current liabilities of the Group and the Trust exceeded their current assets by \$272.1 million and \$184.6 million, respectively. This is primarily due to the classification of term loans of \$210.0 million as current liabilities as they are maturing in 2022. Notwithstanding the net current liabilities position, based on the Group's available financial resources and sources of funding, the Manager is of the view that the Group will be able to refinance its borrowings and meet its current financial obligations as and when they fall due.

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars ("S\$"), which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the financial year, the Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2021.

The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

### 2.5 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective.

Description	Effective for annual periods beginning on or after
FRS 117 <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to FRS 117: <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Manager expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Basis of consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

In the Trust's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

#### *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Group. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### *Accounting for investments in subsidiaries and joint venture in the Trust's financial statements*

Investments in subsidiaries and joint venture are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

### 2.7 Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The statement of total return reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Investment in joint venture (cont'd)

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of total return.

### 2.8 Investment properties

Investment properties are properties that are owned by the Group and held to earn rentals or for capital appreciation, or both but not for sale in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 2.9 below). They are initially measured at cost, including transaction costs and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS Code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property

Any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly valued on the basis set out above.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

### 2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value and are derived by discounting future lease payments using the Group's incremental borrowing rate for borrowings of similar amount and tenor. Any increase or decrease in right-of-use assets is credited or charged directly to the statement of total return. Right-of-use assets which meets the definition of an investment property is accounted for in accordance with Note 2.8.

#### (ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### ***Group as a lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17. Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments

#### (a) Financial assets

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of total return. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of total return when the assets are derecognised or impaired, and through amortisation process.

##### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the statement of total return.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

##### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

#### **(b) Financial liabilities**

##### ***Initial recognition and measurement***

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

##### ***Subsequent measurement***

##### Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of total return when the liabilities are derecognised and through the amortisation process.

##### Derivative financial instruments

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the statement of total return.

##### ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

##### ***Netting of financial assets and liabilities***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Impairment

#### **(a) Financial assets**

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **(b) Non financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of total return.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

### 2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### 2.15 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of Units are deducted directly against Unitholders' funds.

### 2.16 Perpetual securities

The perpetual securities confer a right to receive distributions at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and will be non-cumulative.

The perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

Accordingly, the perpetual securities are classified as equity and the expenses relating to their issue are deducted directly against Unitholders' funds.

### 2.17 Revenue recognition

#### (a) Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (b) Interest income

Interest income is accrued using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Expenses

#### (a) *Property expenses*

Property expenses are recognised on an accrual basis. Included in property expenses are the Property Manager's fee which is based on the applicable rate stipulated in Note 1E.

#### (b) *Management fees*

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1B.

#### (c) *Trust expenses*

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rate stipulated in Note 1A.

#### (d) *Borrowing costs*

Borrowing costs comprise interest expense on borrowings, amortisation of related transaction costs which are recognised in the statement of total return using the effective interest method over the period of borrowings.

### 2.19 Taxation

#### (a) *Current tax and deferred tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Taxation (cont'd)

#### (a) Current tax and deferred tax (cont'd)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of ESR-REIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of ESR-REIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of ESR-REIT in that financial year, except:

- (i) where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) where the beneficial owners are Qualifying Non-resident Non-individual Unitholders or Qualifying Non-resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made on or before 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Taxation (cont'd)

#### (a) Current tax and deferred tax (cont'd)

A "Qualifying Unitholder" is a Unitholder who is:

- an individual and who holds the Units either in his sole name or jointly with other individuals;
- a Central Provident Fund ("CPF") member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme ("SRS") funds and where the distributions received are returned to the SRS accounts;
- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act (Cap.37) or established by any written law, co-operative societies registered under the Co-operative Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (cap. 333));
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap.145); and
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A "Non-resident Non-individual Unitholder" is one, not being an individual, which is not a resident of Singapore for income tax purposes and;

- which does not have a permanent establishment in Singapore; or
- which carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A "Qualifying Non-resident Fund" is one that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purpose and;

- which does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- which carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by ESR-REIT. Tax on such gains or profits will be assessed, in accordance to section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Taxation (cont'd)

#### (b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.20 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.21 Distribution policy

The Group's distribution policy is to distribute at least 90% of its annual distributable income to Unitholders, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion. Distributions are made on a quarterly basis at the discretion of the Manager.

### 2.22 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

### 2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by ESR-REIT's Chief Operating Decision Makers ("CODM"s) which comprise mainly the Chief Executive Officer and Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.24 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

### 3.1 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 22 – Assessment of income tax provision
- Note 27 – Valuation of investment properties
- Note 27 – Valuation of investment at FVTPL

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 4. INVESTMENT PROPERTIES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Investment properties, at valuation</u>				
At 1 January	2,889,300	2,934,400	1,385,700	1,403,800
Acquisition of investment property <sup>#</sup>	124,590	–	124,590	–
Capital expenditure incurred	27,007	14,217	5,386	3,751
Disposal of investment properties	(52,525)	–	(52,525)	–
Change in fair value during the year*	(40,781)	(59,317)	(12,160)	(21,851)
At 31 December	2,947,591	2,889,300	1,450,991	1,385,700
Investment properties (non-current)	2,924,700	2,889,300	1,428,100	1,385,700
Investment properties held for divestment (current)	22,891	–	22,891	–
At 31 December	2,947,591	2,889,300	1,450,991	1,385,700
<u>Right-of-use assets</u>				
At 1 January	229,758	227,681	165,637	169,691
Re-measurement due to change in lease rates	1,417	1,137	4,859	(2,161)
Recognition due to acquisition of investment property	3,996	–	3,996	–
De-recognition due to disposal of investment properties	(8,448)	–	(8,448)	–
Change in fair value of right-of-use of leasehold land**	960	940	(1,857)	(1,893)
At 31 December	227,683	229,758	164,187	165,637
Right-of-use assets (non-current)	221,310	229,758	157,814	165,637
Right-of-use assets attributable to investment properties held for divestment (current)	6,373	–	6,373	–
At 31 December	227,683	229,758	164,187	165,637
Investment properties (including right-of-use assets) (non-current)	3,146,010	3,119,058	1,585,914	1,551,337
Investment properties held for divestment (including right-of-use assets) (current)	29,264	–	29,264	–
At 31 December	3,175,274	3,119,058	1,615,178	1,551,337

<sup>#</sup> The acquisition cost of the investment property included acquisition fee of \$1.2 million (2020: Nil) paid to the Manager (Note 26).

<sup>\*</sup> The fair value loss of \$40.8 million (2020: \$59.3 million) together with an adjustment for the effect of lease incentives and marketing fee amortisation of -\$0.4 million (2020: \$0.4 million), aggregate to \$40.4 million (2020: \$59.7 million) as disclosed in the Statement of Total Return.

<sup>\*\*</sup> The change in fair value of right-of-use of leasehold land has been adjusted for the effect of interest and payments borne by tenants of \$0.6 million (2020: \$0.7 million) as disclosed in Note 11.

Details of the investment properties are shown in the Investment Properties Portfolio Statement. Investment properties are leased to non-related parties under operating leases.

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 December 2021 and 31 December 2020. Investment properties held for divestment are stated at fair value based on recently agreed selling price for the subject property between unrelated third parties in an arm's length transaction. Information on the fair value assessment of investment properties and investment properties held for divestment are disclosed in Note 27.

### Security

All the investment properties are fully unencumbered as at 31 December 2021 and 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 5. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2021 \$'000	2020 \$'000
Unquoted equity investment, at cost	1,148,771	1,148,771
Impairment losses	(387,180)	(355,875)
	<b>761,591</b>	<b>792,896</b>

### Impairment losses

During the year, the Trust recognised an impairment loss of \$31.3 million (2020: \$51.9 million) against its investment in subsidiaries. This amount relates predominantly to the decrease in fair value of investment properties. The impairment loss has no impact on distributable income.

### Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2021 %	2020 %
ESR-MTN Pte. Ltd.	Provision of financial and treasury services	Singapore	100	100
ESR-SPV2 Pte. Ltd.^	Investment holding	Singapore	100	100
7000 AMK LLP^	Property investment and other related businesses	Singapore	80	80
Viva Trust^	Property investment and other related businesses	Singapore	100	100
ESR-LOGOS REIT AUS (MTN) Pty Ltd	Provision of financial and treasury services	Australia	100	-

^ Audited by Ernst & Young LLP, Singapore.

### Put option for 20% interest in 7000 AMK LLP

As part of the acquisition in 2017, ESR-REIT granted a put option to Ho Lee Properties Pte Ltd ("HLP"), the owner of the remaining 20% interest in 7000 AMK LLP, that provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP at a price of no less than \$60.0 million (the "Put Option"). As the Put Option contains an obligation for ESR-REIT to purchase the remaining 20% interest in 7000 AMK LLP, the 20% non-controlling interest in 7000 AMK LLP has been accounted for by the Group as a financial liability (see Note 13). The Put Option, which expired on 13 December 2021, has been extended for a further term of 2 months. The Put Option was further extended subsequent to the reporting date (see Note 32).

As at 31 December 2021, the Put Option remains unexercised and HLP's 20% share of the results of 7000 AMK LLP has been allocated to non-controlling interest, which has been accounted for and classified as a current liability. Upon the exercise of the Put Option, the amount recognised as financial liability at that date will be extinguished by the payment made by ESR-REIT to HLP.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 6. INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Unquoted equity investment</u>				
At 1 January	38,018	39,806	38,018	43,183
Reversal of impairment losses/(Impairment losses)	-	-	2,696	(5,165)
Share of results	7,701	3,010	-	-
Distribution received	(5,005)	(4,798)	-	-
At 31 December	<b>40,714</b>	38,018	<b>40,714</b>	38,018

In 2020, impairment losses of \$5,165,000 were made to write-down the investment to the fair value of the Trust's share of net assets of PTC Logistics Hub LLP ("PTC LLP") as at year end.

In 2021, a reversal of impairment losses of \$2,696,000 was made due to accretion in the fair value of the Trust's share of net assets of PTC LLP. The change in the Trust's share of net assets of PTC LLP relates predominantly to the movement in fair value of an investment property held by PTC LLP. The impairment loss and the reversal of impairment loss has no impact on distributable income.

Summarised financial information of the joint venture, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

### **Summarised statement of financial position of PTC LLP:**

	Group	
	2021 \$'000	2020 \$'000
Current assets, including cash and cash equivalents of \$3,480,387 (2020: \$3,217,038)	4,637	4,180
Non-current assets, including investment property of \$227,700,000 (2020: \$224,100,000)	242,197	238,923
Current liabilities	(2,765)	(2,728)
Non-current liabilities, including long-term borrowings of \$145,986,990 (2020: \$145,548,270)	(160,978)	(162,788)
<b>Net assets</b>	<b>83,091</b>	77,587
Proportion of the Group's ownership	49%	49%
Group's share in net assets	40,714	38,018
<b>Carrying amount of the Group's investment</b>	<b>40,714</b>	38,018

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 6. INVESTMENT IN JOINT VENTURE (CONT'D)

### *Summarised statement of comprehensive income of PTC LLP:*

	Group	
	2021 \$'000	2020 \$'000
Revenue	17,494	17,500
Property expenses	(317)	(312)
Other operating expenses	(23)	(21)
Change in fair value of investment property	2,849	(1,881)
Change in fair value of right-of-use of leasehold land	(326)	(308)
Change in fair value of financial derivatives	1,905	(2,744)
Net finance costs	(5,865)	(6,091)
<b>Profit for the year, representing total comprehensive income for the year</b>	<b>15,717</b>	<b>6,143</b>
Proportion of the Group's ownership	49%	49%
Group's share of profit for the year	<b>7,701</b>	3,010

The joint venture has no other contingent liabilities or commitments as at 31 December 2021 and 2020. PTC LLP cannot distribute its taxable profits without the consent from the joint venture partners.

## 7. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Trust	
	2021 \$'000	2020 \$'000
Unquoted equity investment, at fair value	66,542	-

On 14 May 2021, ESR-REIT completed the acquisition of 10.0% of the total issued units in ESR Australia Logistics Partnership ("EALP"). EALP is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Cayman Limited, and it owns 32 income-producing properties, two land parcels for future development and another two properties which are currently under development. Collectively, the 36 prime logistics assets are located in core industrial markets of New South Wales, Victoria, Queensland and South Australia.

## 8. LOANS TO SUBSIDIARIES (TRUST)

The loans to subsidiaries are unsecured and bear interest at rates based on ESR-REIT's prevailing cost of debt. Interest is payable in arrears on a quarterly basis.

The loans are repayable at dates mutually agreed by the parties, which are not likely to occur within the next 12 months from the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 9. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables	2,166	4,466	1,274	2,757
Deposits	4,352	2,675	1,524	1,466
Other receivables				
– Subsidiaries	–	–	25,649	18,808
– Non related parties	11,937	2,450	379	345
	11,937	2,450	26,028	19,153
<b>Financial assets carried at amortised cost</b>	<b>18,455</b>	<b>9,591</b>	<b>28,826</b>	<b>23,376</b>
Capitalised costs	4,473	–	4,473	–
Prepayments	157	2,625	122	116
<b>Total trade and other receivables</b>	<b>23,085</b>	<b>12,216</b>	<b>33,421</b>	<b>23,492</b>

Trade receivables are non-interest bearing and are generally on 14 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables due from subsidiaries are non-trade related, non-interest bearing and repayable on demand.

The Group's primary exposure to credit risk arises from its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.

### Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross	Impairment	Gross	Impairment
	receivables	losses	receivables	losses
	2021	2021	2020	2020
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
Past due 0 – 30 days	568	–	418	–
Past due 31 – 120 days	680	–	819	–
More than 120 days past due	918	–	3,229	–
	2,166	–	4,466	–
<b>Trust</b>				
Past due 0 – 30 days	311	–	195	–
Past due 31 – 120 days	593	–	487	–
More than 120 days past due	370	–	2,075	–
	1,274	–	2,757	–

Trade receivables are individually assessed for impairment on an ongoing basis.

The Manager believes that no impairment is necessary in respect of the trade receivables as these receivables are mainly due from tenants that have good payment records and/or have sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 28.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 10. TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	30,295	22,828	15,954	10,170
Amounts due to related parties (trade):				
– the Manager	2,792	2,872	2,792	2,872
– the Property Manager	1,308	1,443	1,003	1,074
– the Trustee	240	136	195	89
Amount due to subsidiary (non-trade)	–	–	–	1
Amount due to joint venture	558	467	558	467
Interest and loan commitment fee payable	6,096	5,341	6,096	5,341
Deposits received for investment properties held for divestment	1,210	–	1,210	–
Security deposits	13,504	12,433	9,400	7,307
Rent received in advance	645	1,081	223	496
Retention sums	1,507	1,338	559	694
Other payables	955	1,257	364	368
Reinstatement sums	5,099	5,332	891	1,512
Rental rebates payable	99	7,819	–	3,733
	<b>64,308</b>	<b>62,347</b>	<b>39,245</b>	<b>34,124</b>
<b>Non-current liability</b>				
Security deposits	20,283	19,729	9,467	10,429
<b>Total trade and other payables</b>	<b>84,591</b>	<b>82,076</b>	<b>48,712</b>	<b>44,553</b>
Less: Rent received in advance	(645)	(1,081)	(223)	(496)
Less: GST payables	(5,366)	(1,997)	(4,304)	(860)
Less: Deposit received from investment properties held for divestment	(1,210)	–	(1,210)	–
<b>Financial liabilities at amortised cost</b>	<b>77,370</b>	<b>78,998</b>	<b>42,975</b>	<b>43,197</b>

The amounts due to related parties and subsidiaries are unsecured, non-interest bearing and repayable on demand. Transactions with related parties are priced on terms agreed between the parties.

Retention sums relate to monies withheld for certain investment properties acquired in the current and prior years or as security against defective works for properties undergoing asset enhancement initiatives.

Reinstatement sums relate to monies received from outgoing tenants in respect of their contractual obligations to reinstate their leased premises.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 28.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 11. LEASES

### As a lessee

The Group is required to pay land rent, whether annually or on an upfront land premium basis to JTC Corporation and 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 January	<b>229,758</b>	227,681	<b>165,637</b>	169,691
Re-measurement due to change in lease rates	<b>1,417</b>	1,137	<b>4,859</b>	(2,161)
Recognition due to acquisition of investment property	<b>3,996</b>	–	<b>3,996</b>	–
De-recognition due to disposal of investment properties	<b>(8,448)</b>	–	<b>(8,448)</b>	–
Accretion of interest	<b>11,825</b>	11,575	<b>9,043</b>	8,742
Payments	<b>(10,237)</b>	(9,946)	<b>(10,235)</b>	(9,946)
Effect of interest and payments borne by tenants	<b>(628)</b>	(689)	<b>(665)</b>	(689)
At 31 December	<b>227,683</b>	229,758	<b>164,187</b>	165,637
Current	<b>9,090</b>	2,770	<b>9,090</b>	2,770
Non-current	<b>218,593</b>	226,988	<b>155,097</b>	162,867
At 31 December	<b>227,683</b>	229,758	<b>164,187</b>	165,637

The current lease liabilities are inclusive of liabilities directly attributable to investment properties held for divestment.

The following are the amounts recognised in the Statement of Total Return:

	Group	
	2021	2020
	\$'000	\$'000
Change in fair value of right-of-use of leasehold land	<b>1,588</b>	1,629
Finance costs on lease liabilities for leasehold land	<b>(11,825)</b>	(11,575)
Net amount recognised in Statement of Total Return	<b>(10,237)</b>	(9,946)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 11. LEASES (CONT'D)

### As a lessor

The Group's investment properties are leased to tenants under operating leases. The remaining lease terms of the leases range from less than one year to 16 years. Certain leases include a fixed annual rental escalation clause to enable upward revision of the rental charge on an annual basis. Rental income recognised by the Group during the year is \$221,938,000 (2020: \$221,479,000) (Note 17).

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Receivable:				
- Within 1 year	229,620	197,914	92,138	89,845
- After 1 year but within 5 years	344,177	365,828	113,789	139,856
- After 5 years	87,094	88,802	59,930	76,069
	<b>660,891</b>	<b>652,544</b>	<b>265,857</b>	<b>305,770</b>

## 12. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current liabilities</b>				
Unsecured SGD loans	210,000	191,000	210,000	191,000
Unamortised loan transaction costs	(561)	(533)	(561)	(533)
	<b>209,439</b>	<b>190,467</b>	<b>209,439</b>	<b>190,467</b>
<b>Non-current liabilities</b>				
Unsecured SGD loans	755,000	945,000	755,000	945,000
Unsecured AUD loans	59,507	-	59,507	-
Unsecured SGD fixed rate notes	175,000	50,000	175,000	50,000
Unamortised loan transaction costs	(8,094)	(6,853)	(8,094)	(6,853)
	<b>981,413</b>	<b>988,147</b>	<b>981,413</b>	<b>988,147</b>
<b>Total interest-bearing borrowings</b>	<b>1,190,852</b>	<b>1,178,614</b>	<b>1,190,852</b>	<b>1,178,614</b>

The weighted average all in cost of debt as at 31 December 2021 was 3.3% per annum (2020: 3.5% per annum).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 12. INTEREST-BEARING BORROWINGS (CONT'D)

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	← 2021 →		← 2020 →	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Group and Trust</b>						
<b>Unsecured</b>						
SGD Term loan facilities	SOR* + margin	2022 to 2026	960,000	954,605	1,005,000	998,438
AUD Term loan facilities	BBSY Bid# + margin	2027	59,507	58,650	-	-
Revolving credit facilities	SOR* + margin	2022 to 2027	5,000	3,345	131,000	130,275
Medium Term Notes	2.60% to 3.95%	2023 and 2026	175,000	174,252	50,000	49,901
			<b>1,199,507</b>	<b>1,190,852</b>	1,186,000	1,178,614

\* Swap Offer Rate.

# Bank Bill Swap Bid Rate

The nominal interest rate for the floating rate loans drawn in SGD is determined by an interest margin plus SOR per annum and loans drawn in AUD is determined by an interest margin plus BBSY Bid per annum.

As at the reporting date, the Group has in place unsecured borrowings comprising:

### (A) Term loans and revolving credit facilities

- (i) loan facility of \$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
  - Facility A: \$100 million term loan facility maturing in May 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in May 2022 at an interest margin plus SOR.
- (ii) loan facility of \$500 million from a syndicate of four banks comprising United Overseas Bank Limited ("UOB"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Malayan Banking Berhad, Singapore Branch ("Maybank") and RHB Bank Berhad ("RHB") consisting of:
  - Facility A: \$160 million term loan facility maturing in October 2021 at an interest margin plus SOR, which has been fully repaid and cancelled;
  - Facility B: \$180 million term loan facility maturing in October 2022 at an interest margin plus SOR;
  - Facility C: \$160 million term loan facility maturing in October 2023 at an interest margin plus SOR; and
- (iii) term loan facility of \$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 12. INTEREST-BEARING BORROWINGS (CONT'D)

### (A) Term loans and revolving credit facilities (cont'd)

- (iv) club loan facility of \$155 million from three banks comprising Australia and New Zealand Banking Group Limited, Singapore Branch, CTBC Bank Co., Ltd., Singapore Branch, and Standard Chartered Bank, Singapore Branch consisting of:
- Facility A: \$75 million term loan facility maturing in March 2022 at an interest margin plus SOR, of which S\$45 million has been repaid and cancelled; and
  - Facility B: \$80 million term loan facility maturing in March 2023 at an interest margin plus SOR.
- (v) club loan facility of \$200 million from MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch consisting of:
- Facility A: \$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.
- (vi) club loan facility of \$320 million from UOB, Maybank, RHB and HSBC consisting of:
- Facility A: \$160 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
  - Facility B: \$160 million revolving credit facility maturing in March 2025 at an interest margin plus SOR.
- (vii) loan facility of A\$68.5 million from RHB consisting of:
- Facility A: A\$60.5 million term loan facility maturing in May 2027 at an interest margin plus BBSY Bid; and
  - Facility B: A\$8.0 million revolving credit facility maturing in May 2027 at an interest margin plus BBSY Bid.

As at 31 December 2021, the total amounts outstanding under the term loans and revolving credit facilities were \$1,019.5 million and \$5.0 million respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 12. INTEREST-BEARING BORROWINGS (CONT'D)

### (B) Unsecured Medium Term Notes

On 2 February 2012, ESR-REIT, through its wholly owned subsidiary, ESR-MTN Pte. Ltd. (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). The MTN Programme was modified and renamed as \$750 million multi-currency debt issuance programme (the "Debt Issuance Programme") in March 2016 to allow the issue of medium term notes (the "Notes") and/or perpetual securities (the "Perps") by either the Trust or the Issuer.

Under the Debt Issuance Programme, the Trust and/or the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue the Notes/Perps denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes/Perps are unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) (the "Guarantor").

The Notes/Perps may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

The Group has issued the following Notes under its Debt Issuance Programme:

- \$30 million 6-year Fixed Rate Notes (the "Series 002 Notes") issued in April 2014, bearing a fixed interest rate of 4.10% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in April 2020;
- \$130 million 5-year Fixed Rate Notes (the "Series 004 Notes") issued in May 2015, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which have been redeemed and cancelled upon maturity in May 2020;
- \$50 million 7-year Fixed Rate Notes (the "Series 005 Notes") issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023; and
- \$125 million 5-year fixed rate notes (the "Series 007 Notes") issued in August 2021, bearing a fixed interest rate of 2.60% per annum payable semi-annually in arrears which will mature in August 2026.

The Issuer on-lent the net proceeds from the issuance of the Series 002 Notes and Series 004 Notes to the Trust, which in turn, used such proceeds to finance property acquisitions and/or repayment of existing loans. The Series 005 Notes and Series 007 Notes were issued directly by the Trust.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 12. INTEREST-BEARING BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	2020 \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	Unrealised foreign exchange gain \$'000	2021 \$'000
Bank loans	1,128,713	(113,011)	4,035	(3,137)	<b>1,016,600</b>
Fixed rate notes	49,901	124,247	104	-	<b>174,252</b>
	<b>1,178,614</b>	<b>11,236</b>	<b>4,139</b>	<b>(3,137)</b>	<b>1,190,852</b>

	2019 \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	Unrealised foreign exchange gain \$'000	2020 \$'000
Bank loans	981,339	143,892	3,482	-	1,128,713
Fixed rate notes	209,785	(160,000)	116	-	49,901
	<b>1,191,124</b>	<b>(16,108)</b>	<b>3,598</b>	<b>-</b>	<b>1,178,614</b>

\* The cash flows included an upfront loan transaction cost of \$5.4 million (2020: \$2.1 million) relating to new loan facilities.

## 13. AMOUNT DUE TO NON-CONTROLLING INTEREST

This relates to the 20% non-controlling interest in 7000 AMK LLP, which has been accounted for and classified as a current liability due to the Put Option granted by ESR-REIT to HLP. As disclosed in Note 5, the Put Option provides HLP with the right to require ESR-REIT to purchase its 20% interest in 7000 AMK LLP.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust			
	2021		2020	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Interest rate swaps				
Current	-	<b>(3,707)</b>	-	(3,332)
Non-current	-	<b>(9,946)</b>	-	(35,246)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate borrowings by swapping the interest rates on such borrowings from floating rates to fixed rates.

At 31 December 2021, the Group has entered into interest rate swap contracts with a total notional amount of \$930.0 million (2020: \$1,005.0 million) to fix the base interest rates for a weighted average tenor of approximately 2.0 years (2020: 2.0 years). Under these interest rate swap contracts, the Group pays interest at a weighted average fixed interest rate of 1.9% (2020: 2.1%) per annum and receives interest based on SOR.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 15. PERPETUAL SECURITIES

In November 2017, ESR-REIT issued \$150.0 million of perpetual securities. The key terms and conditions are as follows:

- the perpetual securities confer a right to receive distribution at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every five years thereafter;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative;
- the perpetual securities constitute direct, unsecured and subordinated obligations of ESR-REIT and rank pari passu and without any preference among themselves and with any Party Obligations (as defined in the conditions of the issuance) of the Trust; and
- the perpetual securities may be redeemed at the option of ESR-REIT in whole, but not in part, on 3 November 2022 or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

The perpetual securities are classified as equity instruments and recorded as equity in the Statement of Financial Position. The \$151.1 million (2020: \$151.1 million) presented in the Statement of Financial Position represents the carrying value of the \$150.0 million perpetual securities issued and includes the total return attributable to the perpetual securities holders from the last distribution date. The issue costs were deducted from the Unitholders' funds.

## 16. UNITS IN ISSUE

	Group and Trust	
	2021	2020
	Number of	Number of
	units	units
	'000	'000
Units in issue:		
At 1 January	3,576,362	3,487,316
Issue of new Units:		
- Management fees paid in Units	17,475	23,097
- Distribution Reinvestment Plan	43,530	65,949
- Private placement	268,818	-
- Preferential offering	124,072	-
Total issued Units at 31 December	4,030,257	3,576,362

During the financial year ended 31 December 2021, the Trust issued the following new Units:

- 17.5 million new Units amounting to approximately \$7.4 million at issue prices ranging from \$0.3875 to \$0.4750 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager;
- 43.5 million new Units amounting to approximately \$18.6 million at issue prices ranging from \$0.3915 to \$0.4695 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 16. UNITS IN ISSUE (CONT'D)

- (iii) 268.8 million new Units amounting to approximately \$100.0 million at an issue price of \$0.3720 per Unit pursuant to a private placement in May 2021; and
- (iv) 124.1 million new Units amounting to approximately \$49.6 million at an issue price of \$0.4000 per Unit pursuant to a preferential offering in August 2021.

During the financial year ended 31 December 2020, the Trust issued the following new Units:

- (i) 23.1 million new Units amounting to approximately \$8.9 million at issue prices ranging from \$0.2868 to \$0.5308 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager; and
- (ii) 66.0 million new Units amounting to approximately \$26.0 million at issue prices ranging from \$0.3317 to \$0.5317 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash.

### **Unitholders' rights**

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem its Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 17. GROSS REVENUE

	Group	
	2021	2020
	\$'000	\$'000
Property rental income	221,938	221,479
Other income	18,383	15,826
Reversal of rental rebates/(rental rebates) <sup>1</sup>	965	(7,381)
	<u>241,286</u>	<u>229,924</u>

<sup>1</sup> Rental rebates were provided to eligible tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, and under the Rental Relief Framework (2020) and Rental Waiver Framework (2021) pursuant to the COVID-19 (Temporary Measures) Act 2020.

## 18. PROPERTY EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Property Manager's fees paid and payable in:		
– cash	<b>7,933</b>	8,580
– Units <sup>1</sup>	<b>2,872</b>	2,051
	<b>10,805</b>	10,631
Property tax	<b>20,101</b>	19,244
Property tax rebates <sup>2</sup>	–	(1,359)
Repair and maintenance expenses	<b>18,877</b>	19,720
Other property operating expenses	<b>18,242</b>	17,481
	<u><b>68,025</b></u>	<u>65,717</u>

<sup>1</sup> Includes approximately \$0.7 million (2020: \$Nil) paid to the Property Manager subsequent to the reporting date by way of an issuance of 1.5 million (2020: Nil) new Units to the Property Manager at an issue price of \$0.4790 (2020: \$Nil) per Unit for financial year ended 31 December 2021 and 2020 respectively.

<sup>2</sup> This amount represents the property tax rebates received in relation to untenanted space in the property portfolio. In 2020, the Singapore Government had given remission of property tax to owners of qualifying non-residential properties in response to the COVID-19 pandemic. Pursuant to the COVID-19 (Temporary Measures) Act 2020, while the owner of such qualifying non-residential property is required to transfer the benefit of the property tax remission to eligible tenants at the property, the owner is entitled to retain the portion of the property tax remission relating to untenanted space at the property.

## 19. MANAGEMENT FEES

	Group	
	2021	2020
	\$'000	\$'000
Base fees paid and payable in:		
– cash	<b>8,807</b>	9,359
– Units <sup>1</sup>	<b>6,033</b>	5,280
	<u><b>14,840</b></u>	<u>14,639</u>

<sup>1</sup> Includes approximately \$1.6 million (2020: \$0.7 million) paid to the Manager subsequent to the reporting date by way of an issuance of 3.2 million (2020: 1.9 million) new Units to the Manager at an issue price of \$0.4790 (2020: \$0.4000) per Unit.

There was no Performance Fee payable for the financial year as the Trust did not outperform the initial Highest DPU Threshold of 6.000 cents for the financial year ended 31 December 2021. Please refer to Note 1B(b) for further details on the Performance Fee structure.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 20. TRUST EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Auditor's remuneration:		
– audit fees	278	395
– non-audit fees	87	357
Trustee's fees	595	544
Valuation fees	452	476
Professional fees <sup>1</sup>	275	4,852
Other expenses <sup>2</sup>	1,085	2,029
	<b>2,772</b>	<b>8,653</b>

<sup>1</sup> Professional fees in 2020 included \$4.7 million of abortive costs incurred in relation to the proposed merger of ESR-REIT and Sabana Shari'ah Compliant Industrial Real Estate Investment Trust.

<sup>2</sup> Other expenses comprise investor relations costs, compliance costs, listing fees and other non-property related expenses.

## 21. BORROWING COSTS

	Group	
	2021	2020
	\$'000	\$'000
Borrowing costs paid and payable:		
– bank loans	18,468	22,308
– financial derivatives	17,767	14,861
– fixed rate notes	3,311	4,365
Amortisation of transaction costs relating to debt facilities	4,343	3,712
	<b>43,889</b>	<b>45,246</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 22. INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2021 and 2020 is as follows:

	Group	
	2021 \$'000	2020 \$'000
Current income tax		
– Current year	14	15
– Overprovision in prior year	(60)	(3)
Deferred tax	1,867	–
Withholding tax	341	–
	<u>2,162</u>	<u>12</u>
<b>Reconciliation of tax expense</b>		
Total return for the year before income tax	<u>107,761</u>	<u>12,744</u>
Income tax using Singapore tax rate of 17% (2020: 17%)	18,319	2,166
Effect of different tax rate in foreign jurisdiction	80	–
Income not subject to tax	(6,477)	–
Non-tax deductible items	9,489	16,381
Deferred tax on fair value gain in investment at FVTPL	1,867	–
Tax transparency	(21,147)	(18,532)
Over provision of tax in prior years	(60)	(3)
Others	91	–
Income tax expense	<u>2,162</u>	<u>12</u>

Deferred tax liabilities as at 31 December relate to the following:

	Group				Trust	
	Consolidated Statement of Financial Position		Consolidated Statement of Total Return		Statement of Financial Position	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fair value of investment at FVTPL	1,867	–	1,867	–	1,867	–
<b>Deferred tax liabilities</b>	<u>1,867</u>	<u>–</u>	<u>1,867</u>	<u>–</u>	<u>1,867</u>	<u>–</u>
<b>Deferred tax expense</b>			<u>1,867</u>	<u>–</u>		

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 23. EARNINGS AND DISTRIBUTION PER UNIT

### (a) Basic earnings per Unit

The calculation of basic earnings per Unit is based on the total return attributable to Unitholders and the weighted average number of Units in issue for the financial year.

	Group	
	2021	2020
	\$'000	\$'000
Total return after income tax	105,599	12,732
Less:		
Non-controlling interest	(4,078)	(3,043)
Amount reserved for distribution to perpetual securities holders	(6,900)	(6,919)
Total return attributable to Unitholders	94,621	2,770

	Number of units	
	2021	2020
	'000	'000
Weighted average number of Units:		
– Units issued at beginning of the year	3,576,362	3,487,316
Effect of issue of new Units:		
– Management fees paid in Units	7,011	11,324
– Distribution Reinvestment Plan	18,532	23,940
– Private placement	167,919	–
– Preferential offering	43,510	–
	3,813,334	3,522,580

Weighted average number of Units:  
– Units issued at beginning of the year

Effect of issue of new Units:  
– Management fees paid in Units  
– Distribution Reinvestment Plan  
– Private placement  
– Preferential offering

	Group	
	2021	2020
Basic earnings per Unit (cents)	2.481	0.079

### (b) Diluted earnings per Unit

Diluted earnings per Unit is the same as basic earnings per Unit as there were no dilutive instruments in issue during the current and previous financial years.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 23. EARNINGS AND DISTRIBUTION PER UNIT (CONT'D)

### (c) Distribution per Unit

The calculation of distribution per Unit is based on the total amount available for distribution and the number of Units entitled to distribution during the financial year.

	Group	
	2021 \$'000	2020 \$'000
Total return after income tax and distribution adjustments	120,468	106,046
Amount reserved for perpetual securities holders	(6,900)	(6,919)
Net income available for distribution to Unitholders	113,568	99,127
Total amount available for distribution comprising:		
– Taxable income	113,568	99,127
– Tax-exempt income	183	–
– Capital distribution	642	–
Amount available for distribution to Unitholders	114,393	99,127
Distribution per Unit (cents)	2.987	2.800

## 24. EQUITY ISSUE COSTS

	Group and Trust	
	2021 \$000	2020 \$000
Equity issue costs:		
– Distribution Reinvestment Plan	400	399
– Private placement	2,239	(15)
– Preferential offering	1,218	(165)
	3,857	219

The equity issue costs are deducted directly against Unitholders' funds.

## 25. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

- \$65.9 million (2020: \$18.1 million) of capital commitments in respect of asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the consolidated financial statements. These projects are targeted to complete by 2023.
- A\$7.05 million (2020: \$Nil) of capital commitments in respect of the 10.0% interest in EALP, which may be called upon by EALP to finance its activities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 26. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

Other than as disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business on terms agreed between the parties:

	Group	
	2021 \$'000	2020 \$'000
<b>ESR Funds Management (S) Limited (the Manager)</b>		
Management fees paid and payable in:		
– cash	8,807	9,359
– Units	6,033	5,280
Acquisition fees paid in cash	1,196	–
Disposal fees paid in cash	265	–
Development management fees paid and payable	21	–
<b>ESR Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property and lease management fees paid and payable in:		
– cash	4,194	4,660
– Units	2,872	2,051
Lease marketing services commission paid and payable in cash	3,877	4,951
Project management fees paid and payable in cash	299	158
Site staff cost recovery	802	817
Rental income received and receivable <sup>1</sup>	280	–
Utilities income received and receivable	2	–
<b>RBC Investor Services Trust Singapore Limited (the Trustee)</b>		
Trustee fees paid and payable	412	356
<b>Perpetual (Asia) Limited (the Sub-trust Trustee)</b>		
Trustee fees paid and payable	183	188
<b>ESR Cayman Group</b>		
Acquisition of 10.0% interest in ESR Australia Logistics Partnership <sup>2</sup>	62,630	–

<sup>1</sup> Relates to rental income received and receivable from ESR Property Management (S) Pte Ltd (“ESR-PM”) pursuant to a 3-year tenancy agreement entered into between the Group and ESR-PM during 2021.

<sup>2</sup> Relates to (i) the unit sale agreement entered into between ESR-REIT, ESR Investment Management 2 (Australia) Pty Limited, in its capacity as trustee of ESR Co-Invest Trust, and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust and (ii) the commitment deed entered into between ESR-REIT and One Funds Management Limited, in its capacity as trustee of ESR Queensland Hold Trust, in relation to the acquisition of 10.0% of the total issued units of ESR Australia Logistics Partnership.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT

### *Valuation processes applied by the Group*

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet financial reporting requirements, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

### *(a) Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the current financial year, investment properties which have been reclassified as held for divestment were measured in accordance with Level 1 fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (b) Assets and liabilities measured at fair value

The table below shows an analysis of each class of assets/(liabilities) of the Group and the Trust measured at fair value as at the end of the reporting period:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	-	3,146,010	3,175,274
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	<b>29,264</b>	<b>-</b>	<b>3,212,552</b>	<b>3,241,816</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)
Amount due to non-controlling interest	-	-	(62,036)	(62,036)
	<b>-</b>	<b>(13,653)</b>	<b>(62,036)</b>	<b>(75,689)</b>
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	3,119,058	3,119,058
<b>Financial liabilities</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)
Amount due to non-controlling interest	-	-	(60,262)	(60,262)
	<b>-</b>	<b>(38,578)</b>	<b>(60,262)</b>	<b>(98,840)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (b) Assets and liabilities measured at fair value (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Trust</b>				
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	-	1,585,914	1,615,178
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	<u>29,264</u>	<u>-</u>	<u>1,652,456</u>	<u>1,681,720</u>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)
<b>2020</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets)	-	-	1,551,337	1,551,337
<b>Financial liabilities</b>				
Derivative financial instruments	-	(38,578)	-	(38,578)

### (c) Level 1 fair value measurements

#### Investment properties held for divestment

The fair value of investment properties held for divestment are based on contracted selling price of the subject property with unrelated third parties in arm's length transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (d) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for liabilities that are categorised within Level 2 of the fair value hierarchy:

#### *Financial derivatives*

The fair value of derivative financial instruments such as interest rate swaps (Level 2 fair values) are based on valuation statements from banks that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cashflows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

### (e) *Level 3 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 3 of the fair value hierarchy:

#### *Amount due to non-controlling interest*

The fair value of the amount due to non-controlling interest is determined based on the non-controlling interest's 20% share of the net assets of 7000 AMK LLP with reference to the fair value of its underlying investment property. The fair value of the investment property is determined based on significant unobservable inputs which have been included in the disclosures for investment properties held directly or through joint venture in this Note 27(e).

#### *Investment properties held directly or through joint venture*

Investment properties are stated at fair value based on valuations performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in profit or loss.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

In determining the fair values, the valuers have used valuation methods including direct comparison method, capitalisation approach and discounted cash flows method in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The valuation reports also include a clause on material valuation uncertainty that highlights the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future. Accordingly, values and incomes may change more rapidly than during standard market conditions and it is recommended that the valuation of the property is kept under frequent review. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flows method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (e) Level 3 fair value measurements (cont'd)

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows the key unobservable inputs in Level 3 fair value measurement used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties held directly or through joint venture		
Discounted cash flows method, direct comparison method and capitalisation approach	<ul style="list-style-type: none"> <li>Market rental growth ranges from 1.5% to 3.0% (2020: 2.0% to 3.5%) per annum.</li> <li>Adjusted price (psm) of \$972 to \$1,723 (2020: \$667 to \$2,971)</li> <li>Risk-adjusted discount rates of 7.00% to 8.25% (2020: 7.00% to 9.25%)</li> <li>Capitalisation rates of 5.00% to 7.25% (2020: 5.00% to 7.35%)</li> <li>Terminal yield rates of 5.25% to 7.25% (2020: 5.25% to 7.5%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher/(lower);</li> <li>the adjusted price psm were higher/(lower);</li> <li>the risk-adjusted discount rates were lower/(higher);</li> <li>the capitalisation rates were lower/(higher); or</li> <li>the terminal yield rates were lower/(higher)</li> </ul>

Key unobservable inputs correspond to:

- Market rental growth, adjusted price psm, capitalisation and terminal yield rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (e) Level 3 fair value measurements (cont'd)

#### *Investment at fair value through profit or loss*

The fair value of the investment at fair value through profit or loss, which is an unquoted equity investment in a property fund, is determined based on the Group's share of the net assets of the property fund with reference to the fair value of the underlying investment properties of the fund. The fair value of these underlying investment properties is determined based on significant unobservable inputs. Accordingly, the fair value of the investment is categorised under Level 3 of the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties held by property fund		
Discounted cash flows method and capitalisation approach	<ul style="list-style-type: none"> <li>Risk-adjusted discount rates of 5.50% to 7.25%</li> <li>Capitalisation rates from 3.75% to 6.75%</li> <li>Terminal yield rates from 4.00% to 7.00%</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>the risk-adjusted discount rates were lower/(higher);</li> <li>the capitalisation rates were lower/(higher); or</li> <li>the terminal yield rates were lower/(higher).</li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (f) *Assets and liabilities not measured at fair value for which fair value is disclosed*

The table below shows an analysis of other non-current liabilities of the Group and the Trust not measured at fair value for which fair value is disclosed:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Liabilities</b>				
Fixed rate notes	172,399	-	-	172,399
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873
<b>Trust</b>				
<b>2021</b>				
<b>Liabilities</b>				
Fixed rate notes	172,399	-	-	172,399
<b>2020</b>				
<b>Liabilities</b>				
Fixed rate notes	49,873	-	-	49,873

### ***Determination of fair value for fixed rate notes***

The fair values of the fixed rate notes are determined based on the quoted bid prices in an active market as at the reporting date.

### (g) ***Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value***

The carrying amounts of current financial assets and liabilities of the Group and the Trust approximated their fair values due to their short maturity period. The carrying amounts of non-current floating rate borrowings of the Group and the Trust do not materially differ from their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 27. FAIR VALUE MEASUREMENT (CONT'D)

### (h) Classification of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>						
<b>2021</b>						
Investment at FVTPL		-	66,542	-	66,542	66,542
Trade and other receivables*	9	18,455	-	-	18,455	18,455
Cash and cash equivalents		24,150	-	-	24,150	24,150
Loans and borrowings	12	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	10	-	-	(77,370)	(77,370)	(77,370)
Amount due to non-controlling interest	13	-	(62,036)	-	(62,036)	(62,036)
Derivative financial instruments	14	-	(13,653)	-	(13,653)	(13,653)
		<b>42,605</b>	<b>(9,147)</b>	<b>(1,268,222)</b>	<b>(1,234,764)</b>	<b>(1,232,163)</b>
<b>2020</b>						
Trade and other receivables*	9	9,591	-	-	9,591	9,591
Cash and cash equivalents		18,101	-	-	18,101	18,101
Loans and borrowings	12	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	10	-	-	(78,998)	(78,998)	(78,998)
Amount due to non-controlling interest	13	-	(60,262)	-	(60,262)	(60,262)
Derivative financial instruments	14	-	(38,578)	-	(38,578)	(38,578)
		<b>27,692</b>	<b>(98,840)</b>	<b>(1,257,612)</b>	<b>(1,328,760)</b>	<b>(1,328,732)</b>
<b>Trust</b>						
<b>2021</b>						
Loan to subsidiaries		636,800	-	-	636,800	636,800
Investment at FVTPL		-	66,542	-	66,542	66,542
Trade and other receivables*	9	28,826	-	-	28,826	28,826
Cash and cash equivalents		14,164	-	-	14,164	14,164
Loans and borrowings	12	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	10	-	-	(42,975)	(42,975)	(42,975)
Derivative financial instruments	14	-	(13,653)	-	(13,653)	(13,653)
		<b>679,790</b>	<b>52,889</b>	<b>(1,233,827)</b>	<b>(501,148)</b>	<b>(498,547)</b>
<b>2020</b>						
Loan to subsidiaries		613,500	-	-	613,500	613,500
Trade and other receivables*	9	23,376	-	-	23,376	23,376
Cash and cash equivalents		8,556	-	-	8,556	8,556
Loans and borrowings	12	-	-	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^	10	-	-	(43,197)	(43,197)	(43,197)
Derivative financial instruments	14	-	(38,578)	-	(38,578)	(38,578)
		<b>645,432</b>	<b>(38,578)</b>	<b>(1,221,811)</b>	<b>(614,957)</b>	<b>(614,929)</b>

\* Excludes prepayments and capitalised cost.

^ Excludes rent received in advance, deposit received for divestment of properties held for divestment and GST payable.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to credit risk, liquidity risk and interest rate risk.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors the amounts receivable from tenants on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. In addition, the Group requires the tenants to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to the Group. For cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Manager establishes an allowance for impairment loss, based on a specific loss component that relates to individually significant exposures, that represents its estimate of expected losses in respect of trade and other receivables.

#### Credit risk concentration profile

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment history with the Group. Cash deposits are placed with financial institutions which are reputable and regulated.

#### Financial assets that are past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 9 (Trade and other receivables). At the reporting date, the Group had no financial assets which had been determined to be impaired and there are no allowances for impairment loss provided for.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities.

The Manager monitors the liquidity risk of the Group on an on-going basis. The Group's objective is to maintain a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. Typically, the Manager ensures that the Group has sufficient cash on demand and committed revolving credit facilities to meet expected operating expenses for a reasonable period, including the servicing of financial obligations; but this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

#### *Analysis of financial instruments by remaining contracted maturities*

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium Term Notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables*	(51,096)	(20,283)	-	(71,379)
Amount due to non-controlling interest	(62,036)	-	-	(62,036)
Lease liabilities	(11,215)	(60,246)	(358,849)	(430,310)
	<b>(355,940)</b>	<b>(1,045,999)</b>	<b>(419,789)</b>	<b>(1,821,728)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	<b>(371,049)</b>	<b>(1,056,063)</b>	<b>(419,789)</b>	<b>(1,846,901)</b>
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(175,641)	(866,336)	-	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	-	(138,331)
Medium Term Notes	(1,975)	(52,954)	-	(54,929)
Trade and other payables*	(53,928)	(19,729)	-	(73,657)
Amount due to non-controlling interest	(60,262)	-	-	(60,262)
Lease liabilities	(11,649)	(56,450)	(381,431)	(449,530)
	<b>(337,370)</b>	<b>(1,099,885)</b>	<b>(381,431)</b>	<b>(1,818,686)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	-	(41,921)
	<b>(356,154)</b>	<b>(1,123,022)</b>	<b>(381,431)</b>	<b>(1,860,607)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk (cont'd)

#### Analysis of financial instruments by remaining contracted maturities (cont'd)

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Trust</b>				
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium Term Notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables <sup>+</sup>	(27,517)	(9,467)	-	(36,984)
Lease liabilities	(11,215)	(51,057)	(270,289)	(332,561)
	<b>(270,325)</b>	<b>(1,025,994)</b>	<b>(331,229)</b>	<b>(1,627,548)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	<b>(285,434)</b>	<b>(1,036,058)</b>	<b>(331,229)</b>	<b>(1,652,721)</b>
<b>2020</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(175,641)	(866,336)	-	(1,041,977)
Revolving credit facilities	(33,915)	(104,416)	-	(138,331)
Medium Term Notes	(1,975)	(52,954)	-	(54,929)
Trade and other payables <sup>+</sup>	(27,427)	(10,429)	-	(37,856)
Lease liabilities	(11,649)	(46,600)	(288,886)	(347,135)
	<b>(250,607)</b>	<b>(1,080,735)</b>	<b>(288,886)</b>	<b>(1,620,228)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(18,784)	(23,137)	-	(41,921)
	<b>(269,391)</b>	<b>(1,103,872)</b>	<b>(288,886)</b>	<b>(1,662,149)</b>

\* Excludes rent received in advance, deposit received for divestment of properties held for divestment and GST payable.

+ Excludes interest and loan commitment fee payable, which are included in the respective debt facilities.

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of ensuring that the majority of the Group's exposures to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Interest rate risk (cont'd)

At the reporting date, the Group has entered into interest rate swap contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional amounts of the unsecured bank loans.

As at 31 December 2021, the Group has fixed 92.0% (2020: 89.0%) of its interest rate exposure by entering into interest rate swaps and fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges and takes into account prevailing market conditions.

### Sensitivity analysis for variable rate instruments

For the variable rate instruments, a change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) Unitholders' funds and total return by the amounts shown below. The analysis assumes that all other variables remain constant.

	Total Return		Unitholders' Funds	
	100 bps increase \$'000	100 bps decrease \$'000	100 bps increase \$'000	100 bps decrease \$'000
<b>Group</b>				
<b>2021</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(945)	945	(945)	945
<b>2020</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
- Interest expense	(1,310)	1,310	(1,310)	1,310

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 29. CAPITAL MANAGEMENT

The Manager's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt, equity and other financial instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest coverage and other ratios within approved limits.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not (a) before 1 January 2022, exceed 50% of the fund's deposited property; or (b) on or after 1 January 2022, exceed 45% of the fund's deposited property, provided that the Aggregate Leverage may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from new borrowings.

At the reporting date, the Aggregate Leverage and interest coverage ratios of the Group are as follows:

	Group	
	2021	2020
Aggregate leverage ratio <sup>1</sup>	<b>40.0%</b>	41.5%
Interest coverage ratio <sup>2</sup>	<b>3.5x</b>	3.0x
Adjusted interest coverage ratio <sup>3</sup>	<b>3.1x</b>	2.6x

<sup>1</sup> The aggregate leverage ratio includes ESR-REIT's 49.0% share of the borrowings and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 Leases.

<sup>2</sup> The interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects arising from the adoption of FRS 116 Leases and the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense (excluding the effects arising from the adoption of FRS 116 Leases) and borrowing-related fees (including amortisation of debt-related transaction costs).

<sup>3</sup> The adjusted interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding the effects arising from the adoption of FRS 116 Leases and the effects of any fair value changes in financial instruments and investment properties, and foreign exchange translation), by the trailing 12 months interest expense (excluding the effects arising from the adoption of FRS 116 Leases), borrowing-related fees (including amortisation of debt-related transaction costs) and distributions on perpetual securities.

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Group's capital and debt management regularly so as to optimise the Group's funding structure to meet its investment opportunities. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

## 30. SEGMENT REPORTING

Segment information is presented based on the information reviewed by the Manager's Chief Operating Decision Makers ("CODMs") for performance assessment and resource allocation.

As each investment property is mainly used for industrial (including warehousing) purposes, these investment properties are similar in terms of economic characteristics, nature of services and type of customers. The CODMs are of the view that the Group has only one reportable segment – Leasing of investment properties. This forms the basis of identifying the operating segments of ESR-REIT under *FRS 108 Operating Segments*. No geographical segment information has been presented as all of the Group's investment properties are located in Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 31. FINANCIAL RATIOS

	2021	2020
	%	%
Expenses to weighted average net assets <sup>1</sup>		
– including performance component of management fees	1.04	1.14
– excluding performance component of management fees	1.04	1.14
Portfolio turnover rate <sup>2</sup>	3.12	–

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs and income tax expense.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

## 32. SUBSEQUENT EVENTS

Subsequent to the reporting date, the following significant events occurred:

### (a) Divestment of 28 Senoko Drive

The Group completed the divestment of 28 Senoko Drive for a sale consideration of \$12.0 million on 14 January 2022.

### (b) Extension of Put Option agreement for 7000 AMK LLP

On 14 February 2022, ESR-REIT and HLP entered into a Second Supplemental Deed, which among other changes, extended the Put Option until 31 December 2024 or such later date as may be agreed by the parties.

### (c) Issuance of new Units

On 17 February 2022, the Trust issued 4.7 million new Units amounting to approximately \$2.3 million at an issue price of \$0.4790 per Unit as partial payment for the Manager's base management fees and the Property Manager's property management fees.

### (d) Divestment of 45 Changi South Avenue 2

The Group completed the divestment of 45 Changi South Avenue 2 for a sale consideration of \$11.1 million on 14 March 2022.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board on 15 March 2022.

## 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
<b>ESR Funds Management (S) Limited (the “Manager”)</b>		
Management fees paid and payable		
– in cash	8,807	–
– in Units	6,033	–
Acquisition fees paid in cash	1,196	–
Development management fees paid and payable	21	–
Divestment fees paid in cash	265	–
<b>ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)</b>		
Property and lease management fees paid and payable		
– in cash	4,194	–
– in Units	2,872	–
Lease marketing services commissions paid and payable	3,877	–
Project management fees paid and payable	299	–
Site staff cost recovery	802	–
Rental income received and receivable <sup>1</sup>	1,906	–
Utilities income received and receivable	2	–

## ADDITIONAL INFORMATION

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
<b>RBC Investor Services Trust Singapore Limited (the "Trustee")</b>		
Trustee fees paid and payable	412	–
<b>Perpetual (Asia) Limited (the "Sub-trust Trustee")</b>		
Trustee fees paid and payable	183	–
<b>ESR Cayman Group</b>		
Acquisition of 10.0% interest in ESR Australia Logistics Partnership	62,630	–
<b>TSMP Law Corporation</b>		
Legal fees <sup>2</sup>	438	–

<sup>1</sup> Represents the total rental receivable from ESR Property Management (S) Pte Ltd ("ESR-PM") pursuant to a 3-year tenancy agreement entered into between the Group and ESR-PM. Rental income received and receivable for FY2021 amounted to approximately S\$280,000.

<sup>2</sup> Represents the contract sum awarded.

Saved as disclosed above, there were no additional IPTs (excluding transactions of less than \$100,000 each) entered into up to and including 31 December 2021 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 26 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 IPTs.



## ADDITIONAL INFORMATION

### (B) RATIO OF TOTAL OPERATING EXPENSES TO NET ASSET VALUE

The CIS Code 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 the net asset value is as follows:

	2021 \$'000	2020 \$'000
Property expenses	68,025	65,717
Management fees	14,840	14,639
Trust expenses	2,772	8,653
Borrowing costs	43,889	45,246
Finance costs on lease liabilities for leasehold land	11,825	11,575
Total operating expenses	141,351	145,830
Net asset value	1,597,968	1,446,990
Ratio of total operating expenses to net asset value (%)	8.8	10.1

### (C) USE OF PROCEEDS RAISED FROM OFFERINGS PURSUANT TO CHAPTER 8 OF THE LISTING MANUAL

- a. Gross proceeds of S\$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 "2019 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)	Remaining 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 ESR BizPark @ Changi (formerly known as UE BizHub East)	45.7	10.9	34.8
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 2019 Equity Fund Raising	3.1	3.1	-
<b>Total</b>	<b>150.0</b>	<b>115.2</b>	<b>34.8</b>

The use of proceeds from the 2019 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 2019 Equity Fund Raising allocated to such use as set out in the announcement dated 17 June 2019 titled "Launch of Equity Fund Raising to raise Gross Proceeds of up to approximately S\$150.0 million".

## ADDITIONAL INFORMATION

### (C) USE OF PROCEEDS RAISED FROM OFFERINGS PURSUANT TO CHAPTER 8 OF THE LISTING MANUAL (CONTINUED)

- b. Gross proceeds of S\$149.6 million raised pursuant to the private placement of 268,818,000 new units completed on 18 May 2021 and the pro rata and non-renounceable preferential offering of 124,071,569 new units completed on 26 August 2021 (together, the “2021 Equity Fund Raising”) has been used in the following manner:

<b>Intended Use of Proceeds</b>	<b>Amount Allocated (S\$ million)</b>	<b>Aggregate Amount Utilised To Date (S\$ million)</b>	<b>Remaining Proceeds Pending Utilisation (S\$ million)</b>
To partially finance the total acquisition costs for 46A Tanjong Penjuru	71.8	71.8	-
To partially finance the proposed asset enhancements at 16 Tai Seng Street and 7000 Ang Mo Kio Avenue 5	43.3	-	43.3
To repay existing indebtedness	31.0	31.0	-
To pay for the transaction related expenses including the underwriting and selling commission and expenses related to the 2021 Equity Fund Raising	3.5	3.5	-
<b>Total</b>	<b>149.6</b>	<b>106.3</b>	<b>43.3</b>

The use of proceeds from the 2021 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 2021 Equity Fund Raising allocated to such use as set out in the announcement dated 6 May 2021 titled “Launch of Equity Fund Raising to raise Gross Proceeds of up to approximately S\$150.0 million”.

# STATISTICS OF UNITHOLDERS

as at 28 March 2022

## ISSUED AND FULLY PAID-UP UNITS

4,035,006,891 Ordinary Units (voting rights: one vote per Unit)

Market Capitalisation S\$1,735,052,963 (based on closing price of S\$0.430 as at 28 March 2022)

Size of Unitholdings	No. of Units	% of Units in Issue	No. of Unitholders	% of Unitholders
1 – 99	21,111	0.00	495	3.03
100 – 1,000	511,686	0.01	859	5.26
1,001 – 10,000	26,481,648	0.66	4,896	29.96
10,001 – 1,000,000	624,897,616	15.49	10,002	61.21
1,000,001 and above	3,383,094,830	83.84	88	0.54
<b>TOTAL</b>	<b>4,035,006,891</b>	<b>100.00</b>	<b>16,340</b>	<b>100.00</b>

## TWENTY LARGEST UNITHOLDERS

As shown in the Register of Unitholders

No.	Name	No. of Units	% of Units in Issue
1	CITIBANK NOMINEES SINGAPORE PTE LTD	1,317,672,647	32.66
2	DBS NOMINEES (PRIVATE) LIMITED	394,240,439	9.77
3	RHB BANK NOMINEES PTE LTD	318,776,703	7.90
4	HSBC (SINGAPORE) NOMINEES PTE LTD	283,680,555	7.03
5	RAFFLES NOMINEES (PTE.) LIMITED	276,410,405	6.85
6	DBSN SERVICES PTE. LTD.	179,000,100	4.44
7	UNITED ENGINEERS DEVELOPMENTS PTE LTD	54,094,998	1.34
8	PHILLIP SECURITIES PTE LTD	51,414,356	1.27
9	DB NOMINEES (SINGAPORE) PTE LTD	42,210,924	1.05
10	ESR FUNDS MANAGEMENT (S) LIMITED	39,609,074	0.98
11	MEIBAN INVESTMENT PTE LTD	37,413,603	0.93
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	32,461,821	0.80
13	NOMURA SINGAPORE LIMITED	31,730,395	0.79
14	OCBC SECURITIES PRIVATE LIMITED	25,621,381	0.63
15	GOH TIONG YONG	21,273,989	0.53
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	19,481,203	0.48
17	ESR PROPERTY MANAGEMENT (S) PTE. LTD.	16,865,080	0.42
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	16,134,684	0.40
19	UOB KAY HIAN PRIVATE LIMITED	14,893,433	0.37
20	ABN AMRO CLEARING BANK N.V.	14,852,739	0.37
	<b>TOTAL</b>	<b>3,187,838,529</b>	<b>79.01</b>

# STATISTICS OF UNITHOLDERS

as at 28 March 2022

## INTEREST OF SUBSTANTIAL UNITHOLDERS

The interests of the Substantial Unitholders in Units as recorded in the Register of Substantial Unitholders as at 28 March 2022 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	4.28%	484,763,906 <sup>(1)</sup>	12.01%	657,566,893	16.30%
Shanghai Summit (Group) Co., Ltd	–	–	431,982,678 <sup>(2)</sup>	10.71%	431,982,678	10.71%
Longemont Real Estate Pte. Ltd.	–	–	431,982,678 <sup>(2)</sup>	10.71%	431,982,678	10.71%
Leading Wealth Global Inc	431,982,678	10.71%	–	–	431,982,678	10.71%
ESR Cayman Limited	–	–	392,221,646 <sup>(3)</sup>	9.72%	392,221,646	9.72%
e-Shang Jupiter Cayman Limited	–	–	392,221,646 <sup>(3)</sup>	9.72%	392,221,646	9.72%
e-Shang Infinity Cayman Limited	335,747,492	8.32%	56,474,154 <sup>(4)</sup>	1.40%	392,221,646	9.72%
Tong Yulou	220,040,622	5.45%	–	–	220,040,622	5.45%
Mondrian Investment Partners Limited	–	–	206,044,906 <sup>(5)</sup>	5.11%	206,044,906	5.11%

Notes:

\* Based on Substantial Unitholders' disclosures in respect of interests in securities.

(1) Wealthy Fountain Holdings Inc holds 60 Units and Skyline Horizon Consortium Ltd holds 13,172,094 Units. Both Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Shanghai Summit Pte Ltd ("SSPL"). The Manager holds 39,609,074 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 431,982,678 Units held by Shanghai Summit (Group) Co., Ltd and 52,781,228 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 431,982,678 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 392,221,646 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 39,609,074 Units and 16,865,080 Units, respectively. Therefore, e-Shang Infinity Cayman Limited is deemed to be interested in the 56,474,154 Units held by the Manager and ESR Property Management (S) Pte. Ltd.

(5) Discretionary Investment Management

# STATISTICS OF UNITHOLDERS

as at 28 March 2022

## DIRECTOR'S INTEREST IN UNITS AS AT 21 JANUARY 2022

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	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>
Ms Stefanie Yuen Thio	153,279	0.0038%	37,951 <sup>(2)</sup>	0.0009	191,230	0.0047%
Mr Ooi Eng Peng	-	-	-	-	-	-
Mr Khor Un-Hun	-	-	-	-	-	-
Mr Philip Pearce	-	-	-	-	-	-
Mr Jeffrey Perlman	-	-	-	-	-	-
Dr Leong Horn Kee	-	-	-	-	-	-
Mr Ronald Lim	166,321	0.0041%	-	-	166,321	0.0041%
Mr Wilson Ang	3,914,774	0.0971%	-	-	3,914,774	0.0971%
Mr Tong Jinquan	172,802,987	4.2876%	481,527,590 <sup>(3)</sup>	11.9478%	654,330,577	16.2355%
Mr Adrian Chui	-	-	-	-	-	-

Note:

(1) The percentage interest is computed based on the total number of Units in issue as at 21 January 2022 of 4,030,257,149.

(2) As 37,951 Units are held by Ms Stefanie Yuen Thio's husband, Ms Stefanie Yuen Thio is deemed to be interested in these Units.

(3) Wealthy Fountain Holdings Inc holds 60 Units and Skyline Horizon Consortium Ltd holds 13,172,094 Units. Both Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly owned by Shanghai Summit Pte. Ltd. ("SSPL"). The Manager holds 36,372,758 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 431,982,678 Units held by Shanghai Summit (Group) Co., Ltd and 49,544,912 Units held by SSPL.

## 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 28 March 2022 approximately 64.3% 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 13th Annual General Meeting (“**AGM**”) of the holders of units of ESR-REIT (“**Unitholders**”) will be held at Suntec Singapore International Convention and Exhibition Centre, Level 4, Hall 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 and by way of electronic means, on 29 April 2022 (Friday) at 3.00 p.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 2021 together with the independent auditors’ report to Unitholders 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 (“**Directors**”) 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 pursuant to any Instruments made or granted by the Manager while this Resolution was in force (even though 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 pursuant to 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 continues 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, any Director 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, such Director 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)

#### 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**”);

## NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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, any Director 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, such Director 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 13 April 2022.

(Please see Explanatory Notes)



# NOTICE OF ANNUAL GENERAL MEETING

## 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  
13 April 2022

## 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 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 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).

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 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 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.

# NOTICE OF ANNUAL GENERAL MEETING

## 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 to Unitholders dated 13 April 2022.

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 of AGM 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 2021 is set out in the Circular to Unitholders dated 13 April 2022.

## Notes:

1. ESR-REIT will be conducting the AGM at Suntec Singapore International Convention and Exhibition Centre, Level 4, Hall 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 (the "**Physical Meeting**") and by electronic means (the "**Virtual Meeting**"), in accordance with the COVID-19 (Temporary Measures) Act 2020, 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 dated 4 February 2022 titled "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period".
2. **Online Pre-registration required to attend the Physical Meeting or Virtual Meeting:**
  - (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 <https://smartagm.sg/esrreitagm29April2022> (the "**Pre-Registration Page**") by **26 April 2022 (Tuesday), 3.00 p.m.** (being 72 hours before the time appointed for the holding of the AGM). Unitholders and CPF/SRS investors can scan the QR Code below to pre-register for the Physical Meeting or the Virtual Meeting.



- (b) Persons and entities who hold Units through a Relevant Intermediary (as defined below) ("**Relevant Intermediary Unitholders**") who wish to attend 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/its name, email address and NRIC / passport number or UEN number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com) no later than 26 April 2022 (Tuesday), 3.00 p.m..

# NOTICE OF ANNUAL GENERAL MEETING

## 3. Conduct of the AGM

- (a) The Manager may restrict the number of in-person attendees at the Physical Meeting 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. Attendees must bring their original NRIC/Passport for verification and registration on the day of the AGM, must be verified to be fully vaccinated or within the 180-day exemption period after recovery from COVID-19, must comply with all safety measures put in place by the building management and must abide by all safety measures put in place at the Physical Meeting, failing which they may not be admitted into or may be asked to leave the Physical Meeting.
- (b) The proceedings of the AGM will also be broadcast through a live webcast comprising both video (audio-visual) and audio-only feeds.
- (c) Following successful verification by the Manager, authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who have been pre-registered for the AGM will receive by 28 April 2022 (Thursday), 5.00 p.m., a confirmation email which contains unique user credentials, details of the Physical Meeting, instructions on how to access the live audio-visual webcast / live audio-only stream of the AGM proceedings, and other relevant matters (the “**Confirmation Email**”).
- (d) Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who do not receive the Confirmation Email by 28 April 2022 (Thursday), 5.00 p.m. but have pre-registered for the Physical Meeting or the Virtual Meeting (as the case may be) by the deadline of 26 April 2022 (Tuesday), 3.00 p.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](mailto:AGM.TeamE@boardroomlimited.com) immediately.

## 4. Submission of Questions:

- (a) All authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders will be able to pose questions “live” during the AGM, either by raising questions verbally at the Physical Meeting or by submitting them electronically during the live audio-visual webcast. Instructions will be provided at the start of the AGM on how questions can be submitted electronically.
- (b) In addition, 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 **21 April 2022 (Thursday), 3.00 p.m.**, in the following manner:
  - (i) Unitholders and CPF/SRS investors may submit their questions on the Pre-Registration Page or via email to [ir@esr-reit.com.sg](mailto:ir@esr-reit.com.sg) or by post addressed to Investor Relations at 8 Changi Business Park Avenue 1 #05-51 ESR BizPark @ Changi (South Tower) Singapore 486018. Submission electronically on the Pre-Registration Page or by email is strongly encouraged.
  - (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.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com).

## NOTICE OF ANNUAL GENERAL MEETING

- (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) The Manager will address all substantial and relevant questions received in advance, via an announcement on SGXNET via the SGX-ST's website at <https://www.sgx.com/securities/company-announcements> and ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html>, by **24 April 2022 (Sunday), 3.00 p.m.** (being 48 hours prior to the closing date and time for the lodgment of the proxy forms).

### 5. Voting by Unitholders:

Unitholders who wish to exercise their voting rights at the AGM may:

- (a) (where the Unitholder is an individual) attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting;
- (b) (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM) to attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf; and
- (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote on their behalf.

Live voting will be conducted during the AGM. **It is important for Unitholders and proxies to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.** Unitholders and proxies should also have their Confirmation Email containing their unique user credentials handy, for reference, as they will be required to log-in using their unique user credentials following the instructions set out in the Confirmation Email provided to them. Instructions will be provided at the start of the AGM on how to vote.

Unitholders who wish to appoint proxy(ies) (other than the Chairman of the AGM) to attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf must do both of the following:

- (a) complete and submit the Proxy Form in accordance with the instructions below; and
- (b) pre-register the proxy(ies) at the Pre-Registration Page by **26 April 2022 (Tuesday), 3.00 p.m.**

Duly completed Proxy Forms must be deposited with ESR-REIT:

- (i) via post to the office of the Unit Registrar of ESR-REIT at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632;
- (ii) via email to [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com) (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or
- (iii) (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.

Note: Please refer to the Notes to the Proxy Form for additional documentary requirements in the event the Proxy Form is signed by an attorney or duly authorised officer or executor(s) on behalf of a deceased individual's estate.

# NOTICE OF ANNUAL GENERAL MEETING

Proxy Forms must be received by ESR-REIT by **26 April 2022 (Tuesday), 3.00 p.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, vote against, or abstain from voting on, each of 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 proxy (including the Chairman of the AGM) may vote or abstain from voting at his/her discretion.

Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies (including the Chairman of the AGM) shall be deemed to be revoked if a Unitholder attends the AGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Unitholder (who is not a Relevant Intermediary) is entitled to appoint one or two proxies to attend and vote in his/her/its stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the number of Units to be represented by each proxy.

A Unitholder who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints two or more proxies, the appointments shall be invalid unless such Unitholder specifies the number of Units to be represented by each proxy.

In this Notice of AGM, "Relevant Intermediary" means:

- (A) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (B) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or
- (C) the CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Unitholders are strongly encouraged to submit completed Proxy Forms via email or submit the e-Proxy Form via the Pre-Registration Page. Please refer to the Proxy Form for further information.**

## 6. Voting by Relevant Intermediary Unitholders and CPF/SRS investors:

Relevant Intermediary Unitholders and CPF/SRS investors who wish to vote at the AGM should approach their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators as soon as possible. In the case of CPF/SRS investors, they must do so at least **five (5) working days** before the AGM (i.e. by **22 April 2022 (Friday)**).

Relevant Intermediary Unitholders and CPF/SRS investors may:

- (a) vote "live" at the Physical Meeting or Virtual Meeting, if they are appointed as proxies by their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators; or
- (b) specify their voting instructions to / arrange for their votes to be submitted with their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators (in the case of CPF/SRS investors, by the date specified above).

# NOTICE OF ANNUAL GENERAL MEETING

Documents and information relating to the AGM (including this Notice of AGM, the Annual Report 2021, Circular to Unitholders 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 2021, Circular to Unitholders and the Proxy Form.



Printed copies of the Annual Report 2021 and the Circular to Unitholders will not be despatched to Unitholders, unless otherwise requested. For Unitholders' convenience, printed copies of this Notice of AGM, the Letter to Unitholders, the Proxy Form and the Request Form for Unitholders to request for a printed copy of the Annual Report 2021 and/or the Circular to Unitholders (the "Request Form") have been despatched to Unitholders. Unitholders may request for printed copies of the Annual Report 2021 and/or the Circular to Unitholders by completing and returning the Request Form to the Manager by 20 April 2022 (Wednesday).

In view of the 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](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 ("AGM")

### IMPORTANT:

- Unitholders who wish to exercise their voting rights at the AGM may:
  - (where the Unitholder is an individual) attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting;
  - (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM) to attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf; and
  - (where the Unitholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote on their behalf.
- Unitholders who wish to appoint proxy(ies) (other than the Chairman of the AGM) to vote "live" at the Physical Meeting or Virtual Meeting on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions in the Notes below, pre-register the proxy(ies) at the Pre-Registration Page by 26 April 2022 (Tuesday), 3.00 p.m..
- For investors holding units of ESR-REIT through a Relevant Intermediary (as defined below) ("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 who wish to vote at the AGM should approach their Relevant Intermediary as soon as possible. CPF/SRS investors who wish to vote at the AGM should approach their respective CPF Agent Banks / SRS Operators at least **five working days** before the AGM (i.e. by **22 April 2022 (Friday)**) to ensure that their votes are submitted.
- 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 AGM dated 13 April 2022.

I/We, \_\_\_\_\_ (insert Full Name and NRIC no./Passport no./UEN no.)

of \_\_\_\_\_ (Address)

being a unitholder/unitholders of ESR-REIT, hereby appoint

Name	Email Address	NRIC / Passport no.	Proportion of Unitholdings (Note 5)	
			No. of Units	%

and/or

Name	Email Address	NRIC / Passport no.	Proportion of Unitholdings (Note 5)	
			No. of Units	%

or failing whom, the Chairman of the AGM, as my/our proxy to attend, to speak (as applicable) and to vote for me/us on my/our behalf at the AGM of ESR-REIT to be held at Suntec Singapore International Convention and Exhibition Centre, Level 4, Hall 406, 1 Raffles Boulevard, Suntec City, Singapore 039593 and by way of electronic means at 3.00 p.m. on 29 April 2022, and at any adjournment thereof. I/We direct my/our proxy(ies) to vote (i) for, (ii) against, or (iii) abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder<sup>#</sup>. 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 AGM.

No.	Resolutions:	For*	Against*	Abstain*
	<b>ORDINARY BUSINESS</b>			
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 2021			
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			
	<b>SPECIAL BUSINESS</b>			
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			

<sup>#</sup> You should specifically direct the proxy(ies) 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 [v] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Units held  
(Note 4)

Signature(s) of Unitholder(s) / Common Seal

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

**ESR-REIT**

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.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to the Proxy Form:**

1. Unitholders who wish to exercise their voting rights at the AGM may:
  - (a) (where the Unitholder is an individual) attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting;
  - (b) (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the AGM) to attend the AGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf; and
  - (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote on their behalf.
2. Unitholders who wish to appoint proxy(ies) (other than the Chairman of the AGM) to vote "live" at the Physical Meeting or Virtual Meeting on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions below, pre-register the proxy(ies) at <https://smartagm.sg/esrreitagm29April2022> (the "Pre-Registration Page") by 26 April 2022 (Tuesday), 3.00 p.m..
3. In this Proxy Form, a Unitholder should specifically direct the proxy(ies) on how he/she is to vote for, vote against, or abstain from voting on, the resolutions 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 proxy(ies) (including the Chairman of the AGM) may vote or abstain from voting at his/her discretion.
4. A Unitholder should insert the total number of Units entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"). If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder in the Depository Register.
5.
  - (a) A Unitholder (who is not a Relevant Intermediary) is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its Unitholding (expressed as a percentage of the whole) to be represented by each proxy.
  - (b) A Unitholder who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints two or more proxies, the appointments shall be invalid unless such Unitholder specifies the number of Units to be represented by each proxy.
6. "Relevant Intermediary" means:
  - (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of Singapore and who holds Units in that capacity; or
  - (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
7. The duly completed Proxy Form must be deposited:
  - (a) by post to the office of the Unit Registrar of ESR-REIT at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632;
  - (b) by email to [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com) (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or
  - (c) (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.

The Proxy Form must be received by ESR-REIT by 26 April 2022 (Tuesday), 3.00 p.m. (being 72 hours before the time appointed for the AGM). Unitholders are strongly encouraged to submit completed Proxy Forms via email or submit the e-Proxy Form via the Pre-Registration Page.
8. Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies (including the Chairman of the AGM) shall be deemed to be revoked if a Unitholder attends the AGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
9. The Proxy Form must be executed under the hand of the appointor or of his/her/its 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.
10. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer or by executor(s) on behalf of a deceased individual's estate, the power of attorney or other relevant authority 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 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632, or by email to [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com), and must be received by ESR-REIT by 26 April 2022 (Tuesday), 3.00 p.m. (being 72 hours before the time appointed for the AGM), failing which the Proxy Form may be treated as invalid. In the event of any doubt, please email [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com).
11. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed, unsigned, 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, 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 AGM, as certified by CDP to the Manager.
12. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
13. Every Unitholder shall have one vote for every Unit of which he/she/it is the Unitholder. A person entitled to more than one vote need not use all his/her/its votes or cast them the same way.





[A real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended)]

**REQUEST FORM**

13 April 2022

Dear Unitholders,

We are pleased to enclose printed copies of the Notice of Meeting and Proxy Form for the upcoming Annual General Meeting of ESR-REIT to be held on 29 April 2022 (Friday), 3.00 p.m. (Singapore time).

Electronic copies of the Annual Report for the financial year ended 31 December 2021 (the "**Annual Report 2021**") and the Circular to Unitholders dated 13 April 2022 ("**Circular to Unitholders**") have been uploaded onto ESR-REIT's website and on SGXNET 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 can also scan the QR Code below to reach ESR-REIT's website.



If you wish to receive a printed copy of the Annual Report 2021 and/or the Circular to Unitholders, please indicate your request by completing and signing the request form below and returning it to us no later than **20 April 2022 (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 **29 April 2022 (Friday), 3.00 p.m. (Singapore time)**.

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 2021 and/or the Circular to Unitholders, and return this form to us by 20 April 2022 (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 2021.
- I wish to receive a printed copy of the Circular to Unitholders

Name of Unitholder: \_\_\_\_\_ NRIC/ Passport No.: \_\_\_\_\_

My/Our Units are held under or through:

- CDP Securities Account number      -     -
- CPFIS Account

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_

(Please glue and seal along the edge)

(Please glue and seal along the edge)

3rd fold here. Glue all sides firmly. Stapling & spot sealing is disallowed.

**ESR-REIT**

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.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

Glue all sides firmly. Stapling & spot sealing is disallowed.

2nd fold here

1st fold here

# CORPORATE DIRECTORY

## MANAGER

### ESR Funds Management (S) Limited ("ESR-FM")

Company Registration Number:  
200512804G  
Capital Markets Services Licence  
Number: 100132

Registered Office:  
8 Changi Business Park Avenue 1  
#05-51 ESR Bizpark @ Changi  
(South Tower)  
Singapore 486018  
T: (65) 6222 3339  
F: (65) 6827 9339  
[www.esr-reit.com.sg](http://www.esr-reit.com.sg)

## BOARD OF DIRECTORS OF ESR-FM

### Ms Stefanie Yuen Thio

Independent Non-Executive  
Chairperson

### Mr Khor Un-Hun

Independent Non-Executive Director

### Dr Leong Horn Kee

Independent Non-Executive Director

### Mr Ronald Lim

Independent Non-Executive Director

### Mr Ooi Eng Peng

Non-Executive Director, Deputy  
Chairman

### Mr Philip Pearce

Non-Executive Director

### Mr Jeffrey Perlman

Non-Executive Director

### Mr Tong Jinquan

Non-Executive Director

### Mr Wilson Ang

Non-Executive Director

### Mr Adrian Chui

Chief Executive Officer and  
Executive Director

## ARCC

### Mr Khor Un-Hun

Chairman

### Mr Ooi Eng Peng

### Ms Stefanie Yuen Thio

### Dr Leong Horn Kee

### Mr Ronald Lim

## NRC

### Mr Ronald Lim

Chairman

### Mr Ooi Eng Peng

### Mr Jeffrey Perlman

## EXCO

### Mr Ooi Eng Peng

Chairman

### Mr Philip Pearce

### Mr Jeffrey Perlman

### Mr Adrian Chui

## UNIT REGISTRAR

### Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632  
T: (65) 6536 5355  
F: (65) 6536 1360  
[www.boardroomlimited.com](http://www.boardroomlimited.com)

## 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](http://www.rbcits.com)

## PROPERTY MANAGER

### ESR Property Management (S) Pte. Ltd.

Company Registration Number:  
200515344N  
Registered Office:  
8 Changi Business Park Avenue 1  
#05-51 ESR Bizpark @ Changi  
(South Tower)  
Singapore 486018  
T: (65) 6222 3339  
F: (65) 6827 9339  
[www.esr-reit.com.sg](http://www.esr-reit.com.sg)

## AUDITORS

Ernst & Young LLP  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583  
T: (65) 6535 7777  
F: (65) 6532 7662  
[www.ey.com](http://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](http://www.tmf-group.com)

## SGX CODE – ESR-REIT STOCK SYMBOL – J91U

## UNITHOLDERS' ENQUIRIES

Ms Gloria Low  
Corporate Communications Manager  
T: (65) 6827 9332  
E: [enquiry@esr-reit.com.sg](mailto:enquiry@esr-reit.com.sg)

## 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](mailto:asksgx@sgx.com)



Co. Reg. No. 200512804G

8 Changi Business Park Avenue 1, #05-51,  
ESR BizPark @ Changi (South Tower), Singapore 486018  
T : (65) 6222 3339  
F : (65) 6827 9339  
E : enquiry@esr-reit.com.sg

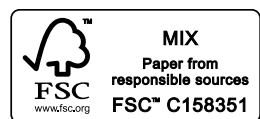


[facebook.com/esrreit](https://facebook.com/esrreit)



[linkedin.com/company/esr-reit](https://linkedin.com/company/esr-reit)

[www.esr-reit.com.sg](http://www.esr-reit.com.sg)



This annual report has been produced using Forest Stewardship Council™ (FSC™) certified paper and other controlled material, and has been printed with soy-based ink.