



FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

The Directors of ESR Funds Management (S) Limited (“ESR-FM”), as manager of ESR-REIT (the “Manager”), are pleased to announce the unaudited financial results of ESR-REIT and its subsidiaries (the “Group”) for the half year (“2H2021”) and full year ended 31 December 2021 (“FY2021”).

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-FM as the Manager and RBC Investor Services Trust Singapore Limited as the trustee (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 Group in trust for the holders (“Unitholders”) of units in the Trust (“Units”).

On 25 July 2006, ESR-REIT was admitted to the Official List of Singapore Exchange Securities Trading Limited (“SGX-ST”). On 3 April 2006, ESR-REIT was included under the Central Provident Fund Investment Scheme.

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. ESR-REIT’s distribution policy is to distribute at least 90% of its annual distributable income 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.

On 6 May 2021, ESR-REIT launched an equity fund raising comprising a private placement and a non-renounceable preferential offering to raise gross proceeds of up to approximately S\$150.0 million. The private placement of approximately 268.8 million new Units to raise gross proceeds of approximately S\$100.0 million and the issuance of 124.1 million new Units for the preferential offering to raise gross proceeds of approximately S\$49.6 million were completed on 18 May 2021 and 26 August 2021, respectively.

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.

On 29 June 2021, ESR-REIT completed the acquisition of its sixth modern ramp-up logistics property, located at 46A Tanjong Penjuru, Singapore 609040, and has a total of 11 logistics properties.

On 15 October 2021, the Manager, the Trustee, ARA LOGOS Logistics Trust Management Limited, as manager of ARA LOGOS Logistics Trust (“ALOG”, and the manager of ALOG, the “ALOG Manager”) and HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of ALOG) (the “ALOG Trustee”) entered into an implementation agreement (the “Implementation Agreement”) for the proposed merger of ESR-REIT and ALOG (the “Merger”), to be effected through the acquisition by the Trustee of all the units of ALOG held by the unitholders of ALOG, in exchange for a combination of cash and units in ESR-REIT, by way of a trust scheme of arrangement (the “Scheme”) in compliance with the Singapore Code on Take-overs and Mergers. On 22 January 2022, the Manager, the Trustee, the ALOG Manager and the ALOG Trustee entered into a supplemental letter amending and restating the Implementation Agreement setting out the amended terms on which the Scheme will be implemented. Please refer to Section 10(b) on page 19 of this announcement and the joint announcements dated 15 October 2021 and 22 January 2022 issued by the Manager and the ALOG Manager for further details of the Merger.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

On 30 November 2021, ESR-REIT completed the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East for approximately S\$53.0 million, which represents a 5.0% premium to their total fair value as at 31 December 2020 and a 7.1% premium to their total acquisition price.

On 24 December 2021, ESR-REIT incorporated ESR-LOGOS REIT AUS (MTN) Pty Ltd, a wholly-owned subsidiary in Australia. The subsidiary is nominally capitalised and its incorporation is not expected to have any material impact on the earnings per Unit or the net tangible assets per Unit of the Group.

As at 31 December 2021, the Group holds interest in a diversified portfolio of 56 properties (including 48 Pandan Road held through a joint venture) located across Singapore with a diversified tenant base of 360 tenants across the following sub sectors: business park, high-specs industrial, logistics/warehouse and general industrial.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Summary of the Group's Results

	FY2021	FY2020	Fav/(Unfav)
	S\$'000	S\$'000	%
Gross revenue	241,286	229,924	4.9
Net property income	173,261	164,207	5.5
Amount available for distribution	114,393	99,127	15.4
- Taxable income	113,568	99,127	14.6
- Tax exempt income	183	-	n.m.
- Capital distribution	642	-	n.m.
Distributable amount available per unit (cents)	2.987	2.800	6.7
- Taxable income	2.967	2.800	6.0
- Tax exempt income	0.004	-	n.m.
- Capital distribution	0.016	-	n.m.

Breakdown of distributable amount available per unit by quarter

	2021	2020	Fav/(Unfav)
	cents	cents	%
For the first quarter ended 31 March	0.800	0.697	14.8
For the second quarter ended 30 June	0.754	0.662	13.9
For the third quarter ended 30 September	0.712	0.700	1.7
For the fourth quarter ended 31 December	0.721	0.741	(2.7)
For the year ended 31 December	2.987	2.800	6.7

Breakdown of distribution per unit ("DPU") paid / payable by quarter

	Note	2021	2020	Fav/(Unfav)
		cents	cents	%
For the first quarter ended 31 March	(1)	0.800	0.500	60.0
For the second quarter ended 30 June		0.754	0.662	13.9
For the third quarter ended 30 September	(2)	0.712	0.798	(10.8)
For the fourth quarter ended 31 December	(3)	0.721	0.840	(14.2)
For the year ended 31 December		2.987	2.800	6.7

Notes:

- (1) The 1Q2020 DPU excluded 0.197 cents equivalent to about S\$7.0 million of distributable income (the "Retained Distribution"), which was retained for prudent cash flow management in view of COVID-19 uncertainties. The Retained Distribution was subsequently distributed to Unitholders as part of the 3Q2020 and 4Q2020 distributions.
- (2) Included 0.098 cents, equivalent to about S\$3.5 million or 50% of the Retained Distribution, which was paid out as part of 3Q2020 DPU.
- (3) Included 0.099 cents, equivalent to about S\$3.5 million or 50% of the Retained Distribution, which was paid out as part of 4Q2020 DPU.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Distribution details for 4Q2021

Distribution period	1 October 2021 to 31 December 2021
Distribution rate	0.721 cents per unit comprising: (a) taxable income 0.704 cents per unit (b) tax-exempt income 0.004 cents per unit (c) capital distribution 0.013 cents per unit
Record date	8 February 2022
Payment date	30 March 2022

The Manager has determined that the distribution reinvestment plan (“DRP”) **will apply** to the distribution for the period from 1 October 2021 to 31 December 2021. The issue price of the DRP units will be based on the market price less a discount of 2% to be announced by the Manager on 9 February 2022.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(a) Statement of Total Return, together with comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group					
		2H2021 S\$'000	2H2020 S\$'000	Fav/(Unfav) %	FY2021 S\$'000	FY2020 S\$'000	Fav/(Unfav) %
Gross revenue	6	121,446	116,170	4.5	241,286	229,924	4.9
Property expenses	7	(35,152)	(32,191)	(9.2)	(68,025)	(65,717)	(3.5)
Net property income		86,294	83,979	2.8	173,261	164,207	5.5
Income from investment at fair value through profit or loss		1,536	-	n.m.	1,536	-	n.m.
Interest income		10	7	42.9	20	17	17.6
Management fees	8	(7,632)	(7,309)	(4.4)	(14,840)	(14,639)	(1.4)
Trust expenses	9	(1,406)	(7,118)	80.2	(2,772)	(8,653)	68.0
Borrowing costs	10	(22,193)	(21,805)	(1.8)	(43,889)	(45,246)	3.0
Finance costs on lease liabilities for leasehold land		(6,008)	(5,853)	2.6	(11,825)	(11,575)	(2.2)
Net income		50,601	41,901	20.8	101,491	84,111	20.7
Foreign exchange gain		3,124	-	n.m.	3,125	-	n.m.
Change in fair value of investment at fair value through profit or loss		11,672	-	n.m.	9,312	-	n.m.
Change in fair value of financial derivatives		11,026	6,437	71.3	24,925	(16,302)	252.9
Change in fair value of investment properties	3	(37,900)	(13,020)	(191.1)	(40,381)	(59,704)	32.4
Change in fair value of right-of-use of leasehold land	3	831	800	3.9	1,588	1,629	(2.5)
Share of results of joint venture		4,479	2,175	105.9	7,701	3,010	155.8
Total return for the period before income tax		43,833	38,293	(14.5)	107,761	12,744	745.6
Income tax		(2,214)	(5)	n.m.	(2,162)	(12)	n.m.
Total return for the period after income tax		41,619	38,288	(8.7)	105,599	12,732	729.4
Attributable to:							
Unitholders of the Trust and perpetual securities holders		39,505	36,331	8.7	101,521	9,689	947.8
Non-controlling interest		2,114	1,957	8.0	4,078	3,043	34.0
Total return for the period		41,619	38,288	8.7	105,599	12,732	729.4
Earnings per Unit (cents)							
Basic and diluted		0.907	0.927	(2.2)	2.481	0.079	3,040.5
Distribution per Unit (cents)		1.433	1.441	(0.6)	2.987	2.800	6.7
Distribution Statement							
Total return after income tax, before distribution for the period		39,505	36,331	(8.7)	101,521	9,689	947.8
Distribution adjustments (Note A)		20,763	18,445	12.6	18,947	96,357	(80.3)
		60,268	54,776	10.0	120,468	106,046	13.6
Amount reserved for distribution to perpetual securities holders		(3,478)	(3,478)	-	(6,900)	(6,919)	0.3
Net income available for distribution for the period		56,790	51,298	10.7	113,568	99,127	14.6
Total amount available for distribution comprising:							
- Taxable income		56,790	51,298	10.7	113,568	99,127	14.6
- Tax-exempt income		183	-	n.m.	183	-	n.m.
- Capital distribution		642	-	n.m.	642	-	n.m.
Amount available for distribution to Unitholders for the period		57,615	51,298	12.3	114,393	99,127	15.4

n.m. – not meaningful

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Note A - Distribution adjustments

	Group			Group		
	2H2021	2H2020	Fav/(Unfav)	FY2021	FY2020	Fav/(Unfav)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-tax deductible/(chargeable) items and other adjustments:						
Management fees paid/payable in Units	3,123	2,250	38.8	6,033	5,280	14.3
Property Manager's fees paid/payable in Units	1,457	684	113.0	2,872	2,051	40.0
Trustee's fees	327	273	19.8	595	544	9.4
Financing related costs, including amortisation of debt related costs	4,007	2,977	34.6	7,261	5,947	22.1
Unrealised foreign exchange gain	(3,133)	-	n.m.	(3,134)	-	n.m.
Change in fair value of investment at fair value through profit or loss	(11,672)	-	n.m.	(9,312)	-	n.m.
Change in fair value of investment properties	37,900	13,020	191.1	40,381	59,704	(32.4)
Change in fair value of financial derivatives	(11,026)	(6,437)	(71.3)	(24,925)	16,302	(252.9)
Legal and professional fees	95	4,781	(98.0)	95	4,800	(98.0)
Adjustment for straight line rent and lease incentives	(752)	(551)	(36.5)	(1,140)	(737)	(54.7)
Miscellaneous expenses	245	1,121	(78.1)	850	1,443	(41.1)
Share of results of joint venture	(4,479)	(2,175)	105.9	(7,701)	(3,010)	(155.8)
Distributable income from joint venture	3,448	2,449	40.8	5,937	4,798	23.7
Foreign sourced income, net of tax	(1,403)	-	n.m.	(1,403)	-	n.m.
Withholding tax paid for capital gains	209	-	n.m.	209	-	n.m.
Deferred tax expense	1,867	-	n.m.	1,867	-	n.m.
Non-controlling interest share of non-tax deductible items	572	6	9,433.3	572	(812)	170.4
Net profit from non-tax transparent Singapore subsidiaries	(63)	-	n.m.	(149)	-	n.m.
Rollover adjustment from prior years	(169)	47	(459.6)	(171)	47	(463.8)
Tax interest adjustment	210	-	n.m.	210	-	n.m.
Net effect of distribution adjustments	20,763	18,445	12.6	18,947	96,357	(80.3)

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Financial Review of the Statement of Total Return

Gross revenue

The Group recorded gross revenue of S\$241.3 million in FY2021, 4.9% higher than FY2020 mainly due to the absence of provision for COVID-19 rental rebates to tenants in FY2021 (FY2020: S\$7.4 million), contribution from 46A Tanjong Penjuru which was acquired on 29 June 2021, as well as the leasing up of certain properties during the year.

Net property income

Net property income increased by 5.5% to S\$173.3 million in FY2021 due to higher gross revenue, partially offset by higher property expenses in FY2021. The increase in property expenses was mainly attributable to higher electricity rates and higher property tax expense for certain properties.

Trust expenses

Trust expenses comprised statutory expenses, professional fees, compliance costs, listing fees and other non-property related expenses. The lower trust expenses in FY2021 were mainly due to the absence of abortive costs incurred in relation to the proposed merger of ESR-REIT and Sabana Shari'ah Compliant Industrial Real Estate Investment Trust in FY2020. Such abortive costs were not tax deductible and had no impact on distributable income.

Borrowing costs

Borrowing costs comprised interest expenses on loans and interest rate swaps, as well as the amortisation of debt related transaction costs. Borrowing costs were 3.0% lower in FY2021 mainly due to lower average cost of debt during the year.

Please refer to Note 4 of the *Notes to the Financial Statements Announcement* for more details on borrowings.

Lease liabilities and right-of-use of leasehold land

Following the adoption of FRS 116 *Leases*, lease payments made for land rent are reflected as finance cost on lease liabilities for leasehold land and fair value change of the right-of-use of leasehold land on the Statement of Total Return and as payments for lease liabilities under financing cash flows on the Statement of Cash Flows.

The amount of finance costs on lease liabilities for leasehold land net of the change in fair value of right-of-use of leasehold land for FY2021 increased to S\$10.2 million (FY2020: S\$9.9 million) mainly due to upward revision in land rent following an annual review of land rent payable.

Change in fair value of investment at fair value through profit or loss

The change in fair value of investment at fair value through profit or loss relates to the fair value changes in the Group's 10.0% interest in EALP, which was acquired on 14 May 2021. The fair value gain was mainly due to increase in the fair values of the investment properties held by EALP subsequent to the acquisition. Such fair value changes are recognised on the Statement of Total Return but are not tax deductible and therefore, have no impact on distributable income.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Change in fair value of financial derivatives

The change in fair value of financial derivatives represented the change in fair values of interest rate swaps entered into to hedge against interest rate fluctuations on the floating rate borrowings of the Group. 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.

Change in fair value of investment properties

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 December 2021. These firms are independent valuers with the appropriate professional qualifications and relevant experience in the location and category of the properties being valued.

The change in fair value of investment properties of approximately S\$40.4 million in FY2021 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;
- partially offset by adjustments for straight-line rent and marketing commission for FY2021 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.

Share of results of joint venture

Share of results of joint venture relates to the Group's 49.0% share of the net income of PTC Logistics Hub LLP, which owns 48 Pandan Road.

Income tax

Income tax consists of corporate income tax, deferred tax and withholding tax. The increase in income tax was mainly attributable to the withholding tax in relation to the distributions received from EALP and the deferred tax expense in relation to the fair value gain recognised for the Group's investment in EALP. The deferred tax expense is not tax deductible and therefore, has no impact on distributable income.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(b) Statements of Financial Position, together with comparatives as at the end of the immediately preceding financial year

	Note	Group		Trust	
		31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 S\$'000	31-12-20 S\$'000
Assets					
Non-current assets					
Investment properties	3	3,146,010	3,119,058	1,585,914	1,551,337
Investments in subsidiaries		-	-	761,591	792,896
Investment in joint venture		40,714	38,018	40,714	38,018
Investment at fair value through profit or loss		66,542	-	66,542	-
Loans to subsidiaries		-	-	636,800	613,500
		3,253,266	3,157,076	3,091,561	2,995,751
Current assets					
Trade and other receivables		23,085	12,216	33,421	23,492
Cash and cash equivalents		24,150	18,101	14,164	8,556
		47,235	30,317	47,585	32,048
Investment properties held for divestment	3	29,264	-	29,264	-
		76,499	30,317	76,849	32,048
Total assets		3,329,765	3,187,393	3,168,410	3,027,799
Liabilities					
Current liabilities					
Trade and other payables		64,308	62,347	39,245	34,124
Lease liabilities for leasehold land		2,717	2,770	2,717	2,770
Interest-bearing borrowings	4	209,439	190,467	209,439	190,467
Derivative financial instruments		3,707	3,332	3,707	3,332
Amount due to non-controlling interest		62,036	60,262	-	-
		342,207	319,178	255,108	230,693
Liabilities directly attributable to investment properties held for divestment	5	6,373	-	6,373	-
		348,580	319,178	261,481	230,693
Non-current liabilities					
Trade and other payables		20,283	19,729	9,467	10,429
Amount due to a subsidiary		-	-	-	-
Lease liabilities for leasehold land		218,593	226,988	155,097	162,867
Interest-bearing borrowings	4	981,413	988,147	981,413	988,147
Derivative financial instruments		9,946	35,246	9,946	35,246
Deferred tax liabilities		1,867	-	1,867	-
		1,232,102	1,270,110	1,157,790	1,196,689
Total liabilities		1,580,682	1,589,288	1,419,271	1,427,382
Net assets		1,749,083	1,598,105	1,749,139	1,600,417
Represented by:					
Unitholders' funds		1,597,968	1,446,990	1,598,024	1,449,302
Perpetual securities holders' funds		151,115	151,115	151,115	151,115
		1,749,083	1,598,105	1,749,139	1,600,417
Units in issue ('000)		4,030,257	3,576,362	4,030,257	3,576,362
Net asset value per Unit (cents)		39.6	40.5	39.7	40.5

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Financial Review of the Statement of Financial Position

Investment properties

As at 31 December 2021, the total carrying value of investment properties was S\$3.2 billion based on independent external valuation. The increase of S\$27.0 million was mainly due to the acquisition of 46A Tanjong Penjuru, which was completed on 29 June 2021, as well as capital expenditure and asset enhancement costs incurred for certain properties. This was partially offset by the divestment of 11 Serangoon North Avenue 5 and 3C Toh Guan Road East, as well as the reclassification of 2 properties to investment properties held for divestment as further elaborated below.

Lease liabilities and right-of-use of leasehold land

The Group is required to pay land rent, whether annually or on an upfront land premium basis, for properties in its portfolio. Following the adoption of FRS 116 *Leases*, the Group recognised right-of-use assets and lease liabilities for these land leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Investment in joint venture

Investment in joint venture relates to ESR-REIT's 49.0% share of the net assets of PTC Logistics Hub LLP, which owns 48 Pandan Road. The Group applies the equity method to account for its interest in the joint venture.

Investment at fair value through profit or loss

Investment at fair value through profit or loss relates to ESR-REIT's 10.0% interest in EALP, which was acquired on 14 May 2021.

Investment properties held for divestment

Investment properties held for divestment comprise 2 properties, namely 45 Changi South Avenue 2 and 28 Senoko Drive, for which agreements have been entered into on 30 August 2021 and 10 January 2022, respectively to divest them for approximately S\$23.1 million. The divestment of 28 Senoko Drive has been completed on 14 January 2022.

Trade and other receivables

Trade and other receivables increased by S\$10.9 million mainly due to the costs incurred in relation to the proposed merger between ESR-REIT and ARA LOGOS Logistics Trust that have been capitalised, as well as higher utilities costs recoverable from certain tenants.

Trade and other payables

Trade and other payables increased by S\$2.5 million mainly due to the higher goods and services tax payable in relation to the divestment of 2 properties completed on 30 November 2021.

Amount due to non-controlling interest

The amount due to non-controlling interest represents 20.0% interest in 7000 AMK LLP that is not owned by the Group.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Derivative financial instruments

Derivative financial instruments represent the fair value of interest rate swaps entered into to hedge against interest rate fluctuations on the Group's floating rate borrowings. The aggregate notional amount of interest rate swaps as at 31 December 2021 was S\$1,165.0 million (31 December 2020: S\$1,005.0 million).

Aggregate leverage and interest coverage ratios

	Note	Group	
		31-12-21	31-12-20
Aggregate leverage ratio	(1)	40.0%	41.5%
Interest coverage ratio	(2)	3.5x	3.0x
Adjusted Interest coverage ratio	(3)	3.1x	2.6x

- (1) 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*.
- (2) 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).
- (3) 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.

For details of the Group's interest-bearing borrowings, please refer to Note 4 of the *Notes to the Financial Statements Announcement*.

Liabilities directly attributable to investment properties held for divestment

Liabilities directly attributable to investment properties held for divestment are mainly the lease liabilities for the leasehold land of the properties.

Perpetual securities

ESR-REIT has issued S\$150.0 million of subordinated perpetual securities ("Perps") under Series 006 of its S\$750 million Multicurrency Debt Issuance Programme ("Series 006 PS"). The Perps confer a right to receive distribution at a rate of 4.60% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every 5 years thereafter. The distribution will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative in accordance with the terms and conditions of the Perps. Distribution to Unitholders can only be made if distribution to Perps holders has been made.

The Series 006 PS 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 Series 006 PS is classified as equity instruments and recorded as equity in the financial statements.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(c) Statement of Cash Flows

	Group			
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Cash flows from operating activities				
Total return for the period before income tax and distribution	43,833	38,293	107,761	12,744
Adjustments for:				
Interest income	(10)	(7)	(20)	(17)
Unrealised foreign exchange gain	(3,133)	-	(3,134)	-
Borrowing costs	22,193	21,805	43,889	45,246
Finance costs on lease liabilities for leasehold land	6,008	5,853	11,825	11,575
Management fees paid/payable in Units	3,123	2,250	6,033	5,280
Property Manager's fees paid/payable in Units	1,457	684	2,872	2,051
Income from investment at fair value through profit or loss	(1,536)	-	(1,536)	-
Share of results of joint venture	(4,479)	(2,175)	(7,701)	(3,010)
Change in fair value of investment at fair value through profit or loss	(11,672)	-	(9,312)	-
Change in fair value of financial derivatives	(11,026)	(6,437)	(24,925)	16,302
Change in fair value of investment properties	37,900	13,020	40,381	59,704
Change in fair value of right-of-use of leasehold land	(831)	(800)	(1,588)	(1,629)
Operating income before working capital changes	81,827	72,486	164,545	148,246
Changes in working capital				
Trade and other receivables	(7,547)	4,201	(10,735)	(717)
Trade and other payables	20,277	3,041	18,231	13,924
Cash generated from operating activities	94,557	79,728	172,041	161,453
Income tax paid	(349)	(11)	(698)	(11)
Net cash generated from operating activities	94,208	79,717	171,343	161,442
Cash flows from investing activities				
Acquisition of an investment property	(1,800)	-	(124,292)	-
Capital expenditure on investment properties	(10,936)	(6,594)	(28,477)	(10,939)
Deposits received for investment of properties held for divestment	1,210	-	1,210	-
Proceeds from disposal of investment properties	53,025	-	53,025	-
Payment for divestment costs	(265)	-	(265)	-
Distributions from joint venture	2,515	2,449	5,004	4,798
Income from investment at fair value through profit or loss	1,536	-	1,536	-
Return of capital from investment at fair value through profit or loss	7,882	-	7,882	-
Acquisition of investment at fair value through profit or loss	(79)	-	(64,979)	-
Interest received	10	7	20	17
Net cash generated from/(used in) investing activities	53,098	(4,138)	(149,336)	(6,124)
Cash flows from financing activities				
Proceeds from issuance of new Units	49,629	-	149,629	-
Equity issue costs paid	(1,243)	(78)	(3,707)	(374)
Borrowing costs paid	(20,107)	(20,060)	(44,279)	(44,769)
Proceeds from borrowings	134,000	66,000	548,630	361,000
Repayment of borrowings	(238,985)	(75,000)	(531,985)	(375,000)
Payment of interest portion for lease liabilities for leasehold land	(4,083)	(5,053)	(8,097)	(8,023)
Payment of principal portion of lease liabilities for leasehold land	(1,095)	-	(2,141)	(1,923)
Loan from non-controlling interest	1,200	-	1,200	-
Distributions paid to Unitholders (Note A)	(52,011)	(39,042)	(115,364)	(73,024)
Distributions paid to perpetual securities holders	(3,478)	(3,478)	(6,900)	(6,919)
Distribution to non-controlling interest	(962)	(1,909)	(2,941)	(3,847)
Net cash used in financing activities	(137,135)	(78,620)	(15,955)	(152,879)
Net increase/(decrease) in cash and cash equivalents	10,171	(3,041)	6,052	2,439
Cash and cash equivalents at beginning of the period	13,982	21,142	18,101	15,662
Effect of exchange rate fluctuations on cash held	(3)	-	(3)	-
Cash and cash equivalents at end of the period	24,150	18,101	24,150	18,101

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

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 (FY2020: 66.0 million new Units) amounting to S\$18.6 million (FY2020: S\$26.0 million) pursuant to the Distribution Reinvestment Plan.

	Group			
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Distributions paid to Unitholders	(60,443)	(51,649)	(133,936)	(98,996)
Distributions paid in Units pursuant to Distribution Reinvestment Plan	8,432	12,607	18,572	25,972
Distributions paid to Unitholders in cash	(52,011)	(39,042)	(115,364)	(73,024)

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(d)(i) Statements of Movements in Unitholders' funds

	Group		Trust	
	FY2021 S\$'000	FY2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Unitholders' Funds				
Balance at beginning of period	1,446,990	1,508,576	1,449,301	1,530,318
<u>Operations</u>				
Total return/(loss) for the period attributable to Unitholders and perpetual securities holders	101,521	9,689	99,266	(9,742)
Amount reserved for distribution to perpetual securities holders	(6,900)	(6,919)	(6,900)	(6,919)
Net increase/(decrease) in net assets resulting from operations	94,621	2,770	92,366	(16,661)
<u>Unitholders' transactions</u>				
Issuance of new Units pursuant to:				
- Management fees paid in Units	7,377	8,887	7,377	8,887
- Distribution Reinvestment Plan	18,572	25,972	18,572	25,972
- Private Placement	100,000	-	100,000	-
- Preferential Offering	49,629	-	49,629	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(400)	(399)	(400)	(399)
- Private Placement	(2,239)	15	(2,239)	15
- Preferential Offering	(1,218)	165	(1,218)	165
Distributions paid to Unitholders	(115,364)	(98,996)	(115,364)	(98,996)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	56,357	(64,356)	56,357	(64,356)
Balance at end of period	1,597,968	1,446,990	1,598,024	1,449,301
Perpetual Securities Holders' Funds				
Balance at beginning of period	151,115	151,115	151,115	151,115
Amount reserved for distribution to perpetual securities holders	6,900	6,919	6,900	6,919
Distribution to perpetual securities holders	(6,900)	(6,919)	(6,900)	(6,919)
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,749,083	1,598,105	1,749,139	1,600,416

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(d)(i) Statements of Movements in Unitholders' funds (continued)

	Group		Trust	
	2H2021 S\$'000	2H2020 S\$'000	2H2021 S\$'000	2H2020 S\$'000
Unitholders' Funds				
Balance at beginning of period	1,542,303	1,448,721	1,543,674	1,489,912
<u>Operations</u>				
Total return/(loss) for the period attributable to Unitholders and perpetual securities holders	39,505	36,331	38,190	(2,549)
Amount reserved for distribution to perpetual securities holders	(3,478)	(3,478)	(3,478)	(3,478)
Net increase/(decrease) in net assets resulting from operations	36,027	32,853	34,712	(6,027)
<u>Unitholders' transactions</u>				
Issuance of new Units pursuant to:				
- Management fees paid in Units	4,840	4,381	4,840	4,381
- Distribution Reinvestment Plan	8,432	12,607	8,432	12,607
- Private Placement	-	-	-	-
- Preferential Offering	49,629	-	49,629	-
Equity costs pursuant to:				
- Distribution Reinvestment Plan	(119)	(195)	(119)	(195)
- Private Placement	(56)	26	(56)	26
- Preferential Offering	(1,218)	246	(1,218)	246
Distributions paid to Unitholders	(41,870)	(51,649)	(41,870)	(51,649)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	19,638	(34,584)	19,638	(34,584)
Balance at end of period	1,597,968	1,446,990	1,598,024	1,449,301
Perpetual Securities Holders' Funds				
Balance at beginning of period	151,115	151,115	151,115	151,115
Amount reserved for distribution to perpetual securities holders	3,478	3,478	3,478	3,478
Distribution to perpetual securities holders	(3,478)	(3,478)	(3,478)	(3,478)
Balance at end of period	151,115	151,115	151,115	151,115
Total	1,749,083	1,598,105	1,749,139	1,600,416

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1(d)(ii) Details of any changes in the number of issued units

	Note	Trust			
		2H2021 Units	2H2020 Units	FY2021 Units	FY2020 Units
Issued units at beginning of the period		3,877,236,558	3,530,945,472	3,576,362,126	3,487,315,971
Issuance of new Units pursuant to:					
- Management fees paid in units		10,989,226	11,080,358	17,475,221	23,096,788
- Distribution Reinvestment Plan		17,959,796	34,336,296	43,530,233	65,949,367
- Private Placement	(1)	-	-	268,818,000	-
- Preferential Offering	(2)	124,071,569	-	124,071,569	-
Issued units at end of the period		4,030,257,149	3,576,362,126	4,030,257,149	3,576,362,126

Notes:

- (1) The new units were issued on 18 May 2021 at an issue price of S\$0.372 per unit.
(2) The new units were issued on 26 August 2021 at an issue price of S\$0.400 per unit.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.

The total number of issued units, excluding treasury units, as at the end of the current and the comparative financial period are disclosed in Section 1(d)(ii). There were no treasury units acquired since the date of listing of ESR-REIT on 25 July 2006.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited but have been reviewed by auditors in accordance with Singapore Standard on Review Engagements ("SSRE") 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Please see attached for the auditor's review report.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group in the preparation of these financial statements for the current financial period are the same as those applied by the Group in its audited annual financial statements for the financial year ended 31 December 2020, except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual period beginning on 1 January 2021. The adoption of these standards did not have any effect on the financial performance or position of the Group.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above.

- 6 Earnings per unit (“EPU”) and distributable amount available per unit for the period**

	Note	Group			
		2H2021	2H2020	FY2021	FY2020
<u>EPU</u>					
Total return after income tax before distribution for the period	(\$'000)	36,027	32,852	94,621	2,769
Weighted average number of units	('000)	3,970,520	3,542,342	3,813,334	3,522,580
Basic and diluted EPU	(cents) (a)	0.907	0.927	2.481	0.079
<u>Distributable amount available per unit</u>					
Total amount available for distribution for the period	(\$'000)	57,615	51,298	114,393	99,127
Applicable number of units	('000)	4,020,586	3,559,889	3,829,695	3,540,250
Distributable amount available per unit	(cents) (b)	1.433	1.441	2.987	2.800

Notes:

- (a) The basic EPU was calculated using total return after income tax before distribution for the period and the weighted average number of units in issue during the period. The basic and diluted EPU were the same as there were no dilutive instruments in issue during the period.
- (b) Distributable amount available per unit was calculated using the total amount available for distribution and the number of units entitled to such distributable amount for the period.

- 7 Net asset value (“NAV”) / Net tangible asset (“NTA”) per unit based on units issued at the end of the period**

	Note	Group		Trust	
		31-12-21	31-12-20	31-12-21	31-12-20
NAV / NTA per unit (cents)	(a)	39.6	40.5	39.7	40.5

Note:

- (a) NAV / NTA per unit was calculated based on the number of units issued as at the end of the respective periods.

- 8 Review of the performance**

The review of the performance is set out in Section 1(a) – Statements of Total Return and Distribution Statements and Section 1(b)(i) – Statements of Financial Position.

- 9 Review of the performance against Forecast/Prospect Statement**

The Group has not disclosed any forecast to the market.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

(a) Market Outlook

Based on advance estimates released by the Ministry of Trade and Industry (“MTI”) on 3 January 2022, Singapore’s economy grew by 5.9% year-on-year in 4Q2021, moderating from the 7.1% growth in 3Q2021. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.6% in 4Q2021, faster than the 1.2% growth in 3Q2021. This brings the full-year growth to 7.2% in 2021, rebounding from the 5.4% contraction in 2020. This is the highest full-year gross domestic product (“GDP”) growth rate since 2010. Higher vaccination rates could enable a faster re-opening of regional borders, and aid regional economies in resuming trend growth in 2022 despite an imminent but potentially less severe Omicron wave. However, the downside risks ahead are external headwinds such as inflationary pressures resulting in global monetary policy tightening and rises in interest rates, China’s growth slowdown, and possible new Covid-19 variants.

Singapore Purchasing Managers’ Index (“PMI”) for December 2021 posted an increase of 0.1 point to 50.7, posting 18 straight months of expansion. The electronics sector PMI rose faster with an increase of 0.2 points to 51.0, expanding consecutively for the 17th month.

According to JTC’s market report for 3Q2021, the occupancy rate of the overall industrial property market remains unchanged from the previous quarter at 90.1%. As completion delays continue to persist, only about 228,000 sqm of industrial space were completed in 3Q2021 as compared with 374,000 sqm in 2Q2021. Price and rental indices of all industrial space rose by 0.1% and 0.7% respectively as compared with the previous quarter, and 3.9% and 1.9% respectively as compared to the previous year. This is in line with the broad recovery of the economy as the prices and rentals have continued to rebound.

As at 30 September 2021, approximately 0.9 million sqm of new industrial space could be completed in 4Q2021. Another 3.6 million sqm of new industrial space is expected to be completed between 2022 and 2024, resulting in an average annual supply of about 1.4 million sqm over the next 3 years. This is twice the average annual supply of 0.7 million sqm and annual demand of 0.8 million sqm of industrial space over the past 3 years. MTI has launched 4.48 ha of industrial land supply across seven sites under its Industrial Government Land Sales (“IGLS”) programme for 1H2022, lower than the 5.14 ha in the 2H2021 IGLS programme.

During FY2021, the Manager secured leases for 2.15 million sqft of space comprising 1.02 million sqft of new leases (47.4% of total leases) and 1.13 million sqft of lease renewals (52.6% of total leases). Barring further unforeseen restrictions due to the outbreak of Covid-19 cases, we expect to see improved market sentiment and leasing activities in the coming months. While 100% work-from-home is no longer the default from 1 January 2022, the leasing prospects for the business park sector may still face some challenges as companies continue to adopt hybrid work arrangements amid the ongoing pandemic.

Despite the slower pace in the reopening of the Singapore economy and holding on to the current restrictions to manage the spread of Omicron variant cases, industrial and logistics spaces continue to be in demand driven by the global supply chain disruptions, worldwide chip shortages, localisation of production, advancement in manufacturing technologies and increased adoption of e-commerce. The Manager will continue to undertake asset enhancement initiatives to reposition selected properties to meet the space requirements of industrialists in line with our proposition to grow with our tenants.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

(b) Proposed Merger with ARA LOGOS Logistics Trust (“ALOG”)

With reference to the joint announcements dated 15 October 2021 and 22 January 2022 issued by the Manager and the ALOG Manager, the Manager, the Trustee, the ALOG Manager and the ALOG Trustee have entered into the Implementation Agreement on 15 October 2021 (as supplemented, amended and restated on 22 January 2022) for the proposed merger of ESR-REIT and ALOG, to be effected through the acquisition by the Trustee of all the units of ALOG held by the unitholders of ALOG, in exchange for a combination of cash and units in ESR-REIT (the “Consideration Units”), by way of a trust scheme of arrangement in compliance with the Singapore Code on Take-overs and Mergers. Please refer to the aforesaid joint announcements dated 15 October 2021 and 22 January 2022 for further details of the Merger.

ESR-REIT will convene an extraordinary general meeting (“EGM”) to seek the approval of Unitholders for, *inter alia*, (a) the Merger; and (b) the issue of Consideration Units for the Merger. The circular containing, *inter alia*, details of the Merger, together with the opinions and recommendations of the relevant directors of the Manager in relation thereto and enclosing the notice of EGM and proxy form in connection therewith, will be issued in due course.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:

Yes

Name of distribution: **66th distribution for the period from 1 October 2021 to 31 December 2021**

Distribution Type: Taxable income / Tax-exempt income / Capital distribution

Distribution Rate: 0.721 cents per unit comprising:
 (a) Taxable income distribution 0.704 cents per unit
 (b) Tax-exempt income distribution 0.004 cents per unit
 (c) Capital distribution 0.013 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution
 The distribution is made out of ESR-REIT’s taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income distribution
 Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
 The distribution out of capital is not a taxable distribution to the Unitholders.

Record date: 8 February 2022

Date payable: 30 March 2022

The Manager has determined that the DRP **will apply** to the distribution for the period from 1 October 2021 to 31 December 2021.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

(b) Corresponding period of the immediately preceding year

Any distributions declared for the previous corresponding financial period:

Yes

Name of distribution: **61st distribution for the period from 1 October 2020 to 31 December 2020**

Distribution Type: Taxable income

Distribution Rate: 0.840 cents per unit

Par value of units: Not meaningful

Tax Rate: Taxable income distribution
The distribution is made out of ESR-REIT's taxable income. Unitholders receiving distributions will be subject to Singapore income tax on the distributions received except for individuals where the distribution is exempt from tax (unless they hold their units through partnership or as trading assets).

12 If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from unitholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any IPT general mandate from the Unitholders.

14 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

15 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	-
Total	150.0	115.2	34.8

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”.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

- 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:

Intended Use of Proceeds	Amount Allocated (S\$ million)	Aggregate Amount Utilised To Date (S\$ million)	Remaining Proceeds Pending Utilisation (S\$ million)
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
For the repayment of debt	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	-
Total	149.6	106.3	43.3

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”.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

No business segment information has been presented as all the properties are used predominantly for industrial purposes and are located in Singapore.

- 17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18 Breakdown of revenue**

	FY2021 S\$'000	FY2020 S\$'000	Fav/ (Unfav) %
(a) Gross revenue reported for first half year	119,840	113,754	5.4
(b) Total return/(loss) after tax before distribution for first half year	63,980	(25,556)	350.4
(c) Gross revenue reported for second half year	121,446	116,170	4.5
(d) Total return after tax before distribution for second half year	41,619	38,288	8.7

- 19 Breakdown of the total distributions for the financial year ended 31 December 2021**

	FY2021 S\$'000	FY2020 S\$'000
01-07-2021 to 30-09-2021	28,532	-
18-05-2021 to 30-06-2021	13,338	-
01-04-2021 to 17-05-2021	14,724	-
01-01-2021 to 31-03-2021	28,729	-
01-10-2020 to 31-12-2020	30,041	-
01-07-2020 to 30-09-2020	-	28,274
01-04-2020 to 30-06-2020	-	23,375
01-01-2020 to 31-03-2020	-	17,530
14-10-2019 to 31-12-2019	-	29,817
Total distributions to Unitholders	115,364	98,996

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

20 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, the Board of Directors of ESR Funds Management (S) Limited (the "Company"), as manager of ESR-REIT, confirms that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or the Chief Executive Officer or substantial Unitholders of ESR-REIT.

21 Interested Person Transactions ("IPTs")

Name of Entity	2021		2020	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Funds Management (S) Limited (the "Manager")				
Management fees paid and payable				
-in cash	8,807	-	9,359	-
-in units	6,033	-	5,280	-
Acquisition fees paid in cash	1,196	-	-	-
Development management fees paid and payable	21	-	-	-
Divestment fees paid in cash	265	-	-	-
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)				
Property manager's fees paid and payable				
-in cash	4,194	-	4,660	-
-in units	2,872	-	2,051	-
Lease marketing services commissions paid and payable	3,877	-	4,951	-
Project management fees paid and payable	299	-	158	-

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

21 Interested Person Transactions (“IPTs”) (continued)

Name of Entity	2021		2020	
	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review	Aggregate value of all IPTs during the financial year under review Note (a)	Aggregate value of all IPTs under the IPT mandate or shareholders' mandate for IPTs under Rule 920 during the financial year under review
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)				
Site staff cost recovery	802	-	817	-
Rental income received and receivable ^(b)	1,906	-	-	-
Utilities income received and receivable	2	-	-	-
RBC Investor Services Trust Singapore Limited (the "Trustee")				
Trustee fees paid and payable	412	-	355	-
Perpetual (Asia) Limited (the "Sub-trust Trustee")				
Trustee fees paid and payable	183	-	188	-
ESR Cayman Group				
Acquisition of a 10% interest in ESR Australia Logistics Partnership	62,630	-	-	-
TSMF Law Corporation				
Legal fees ^(c)	438	-	-	-

Notes:

- (a) Except as disclosed, these IPTs exclude transactions of less than S\$100,000 each.
(b) 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.
(c) Represents the contract sum awarded.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
Properties held by the Trust										
Logistics/Warehousing Properties ⁽¹⁾										
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	10 ⁽⁵⁾	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701	100	100	10,300	10,400	0.59	0.72
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 ⁽⁶⁾	25 Changi South Ave 2 Singapore 486594	100	100	12,000	12,200	0.69	0.84
160 KALLANG WAY	Leasehold	30+30	11 ⁽⁷⁾	160 Kallang Way Singapore 349246	100	100	24,400	25,100	1.40	1.73
+ 3C TOH GUAN ROAD EAST	Leasehold	30+30	- ⁽⁸⁾	3C Toh Guan Road East Singapore 608832	-	76	-	30,500	-	2.11
4/6 CLEMENTI LOOP	Leasehold	30+30	32 ⁽⁹⁾	4/6 Clementi Loop Singapore 129810 and 129814	92	76	39,200	39,200	2.24	2.71
24 JURONG PORT ROAD	Leasehold	30+12	15 ⁽¹⁰⁾	24 Jurong Port Road Singapore 619097	98	96	85,700	85,200	4.90	5.89
3 PIONEER SECTOR 3	Leasehold	30+30	29 ⁽¹¹⁾	3 Pioneer Sector 3 Singapore 628342	93	99	98,100	96,200	5.61	6.65
15 GREENWICH DRIVE	Leasehold	30	20 ⁽¹²⁾	15 Greenwich Drive Singapore 534022	100	100	93,500	96,500	5.35	6.67
46A TANJONG PENJURU	Leasehold	30+14	28 ⁽⁶¹⁾	46A Tanjong Penjuru	100	-	119,600	-	6.84	-
Total Logistics/Warehousing Properties held by the Trust							482,800	395,300	27.62	27.32

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties ⁽²⁾										
70 SELETAR AEROSPACE VIEW	Leasehold	30	20 ⁽¹⁴⁾	70 Seletar Aerospace View Singapore 797564	-	100	7,000	7,300	0.40	0.50
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	17 ⁽¹⁵⁾	30 Teban Gardens Crescent Singapore 608927	100	100	30,500	30,500	1.74	2.11
30 TOH GUAN ROAD	Leasehold	30+30	34 ⁽¹⁶⁾	30 Toh Guan Road Singapore 608840	97	95	60,800	58,400	3.48	4.04
128 JOO SENG ROAD	Leasehold	30+30	30 ⁽¹⁷⁾	128 Joo Seng Road Singapore 368356	96	96	11,700	11,700	0.67	0.81
130 JOO SENG ROAD	Leasehold	30+30	30 ⁽¹⁸⁾	130 Joo Seng Road Singapore 368357	100	100	15,300	15,300	0.87	1.06
136 JOO SENG ROAD	Leasehold	30+30	29 ⁽¹⁹⁾	136 Joo Seng Road Singapore 368360	100	100	12,600	12,600	0.72	0.87
+ 11 SERANGOON NORTH AVENUE 5	Leasehold	30+30	- ⁽²⁰⁾	11 Serangoon North Avenue 5 Singapore 554809	-	85	-	20,000	-	1.38
79 TUAS SOUTH STREET 5	Leasehold	30+30	38 ⁽²¹⁾	79 Tuas South Street 5 Singapore 637604	100	100	10,700	10,700	0.61	0.74
Balance carried forward							148,600	166,500	8.49	11.51

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties (cont'd)										
Balance brought forward							148,600	166,500	8.49	11.51
31 TUAS AVENUE 11	Leasehold	30+30	32 ⁽²²⁾	31 Tuas Avenue 11 Singapore 639105	100	100	12,100	12,100	0.69	0.84
1/2 CHANGI NORTH STREET 2	Leasehold	30+30/30+30	39/44 ⁽²³⁾	1/2 Changi North Street 2 Singapore 498808/498775	100	100	22,400	22,400	1.28	1.55
9 TUAS VIEW CRESCENT	Leasehold	30+30	37 ⁽²⁴⁾	9 Tuas View Crescent Singapore 637612	-	100	10,000	10,000	0.57	0.69
28 SENOKO DRIVE	Leasehold	30+30	18 ⁽²⁵⁾	28 Senoko Drive Singapore 758214	100	100	11,916	13,600	0.68	0.94
31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	33 ⁽²⁶⁾	31 Changi South Avenue 2 Singapore 486478	100	100	13,300	13,200	0.76	0.91
22 CHIN BEE DRIVE	Leasehold	30	14 ⁽²⁷⁾	22 Chin Bee Drive Singapore 619870	-	-	13,900	14,300	0.79	0.99
54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	35 ⁽⁴⁷⁾	54 Serangoon North Avenue 4 Singapore 555854	99	99	22,900	22,000	1.31	1.52
2 TUAS SOUTH AVENUE 2	Leasehold	60	37 ⁽²⁸⁾	2 Tuas South Ave 2 Singapore 637601	100	100	36,700	36,700	2.10	2.54
21B SENOKO LOOP	Leasehold	30+30	31 ⁽²⁹⁾	21B Senoko Loop Singapore 758171	-	100	22,800	27,500	1.30	1.90
Balance carried forward							314,616	338,300	17.97	23.39

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
<u>Properties held by the Trust (cont'd)</u>										
General Industrial Properties (cont'd)										
Balance brought forward							314,616	338,300	17.97	23.39
60 TUAS SOUTH STREET 1	Leasehold	30	13 ⁽³⁰⁾	60 Tuas South Street 1 Singapore 639925	100	100	4,100	4,100	0.23	0.28
5/7 GUL STREET 1	Leasehold	29.5	16 ⁽³¹⁾	5/7 Gul Street 1 Singapore 629318/629320	63	66	13,900	13,900	0.79	0.96
28 WOODLANDS LOOP	Leasehold	30+30	34 ⁽³²⁾	28 Woodlands Loop Singapore 738308	100	100	17,300	17,300	0.99	1.20
25 PIONEER CRESCENT	Leasehold	30+28	45 ⁽³³⁾	25 Pioneer Crescent Singapore 628554	100	100	16,400	16,400	0.94	1.13
11 WOODLANDS WALK	Leasehold	30+30	34 ⁽³⁴⁾	11 Woodlands Walk Singapore 738265	100	100	17,600	17,400	1.01	1.20
43 TUAS VIEW CIRCUIT	Leasehold	30	16 ⁽³⁵⁾	43 Tuas View Circuit Singapore 637360	100	100	17,400	17,400	0.99	1.20
13 JALAN TERUSAN	Leasehold	28	13 ⁽³⁶⁾	13 Jalan Terusan Singapore 619293	100	100	25,000	25,000	1.43	1.73
160A GUL CIRCLE	Leasehold	27	19 ⁽³⁷⁾	160A Gul Circle Singapore 629618	82	82	13,700	13,700	0.78	0.95
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	37 ⁽³⁸⁾	3 Tuas South Avenue 4 Singapore 637610	100	100	43,200	43,000	2.47	2.97
8 TUAS SOUTH LANE	Leasehold	30+16	32 ⁽³⁹⁾	8 Tuas South Lane Singapore 637302	100	92	103,700	103,700	5.93	7.17
120 PIONEER ROAD	Leasehold	30+28	33 ⁽⁴⁰⁾	120 Pioneer Road Singapore 639597	84	66	36,500	36,500	2.09	2.52
Balance carried forward							623,416	646,700	35.62	44.70

ESR-REIT
 FINANCIAL STATEMENTS ANNOUNCEMENT
 FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
Properties held by the Trust (cont'd)										
General Industrial Properties (cont'd)										
Balance brought forward							623,416	646,700	35.62	44.70
45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	34 ⁽⁴¹⁾	45 Changi South Avenue 2 Singapore 486133	68	68	10,975	10,300	0.63	0.71
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	32/32 ⁽⁴²⁾	511/513 Yishun Industrial Park A Singapore 768768/768736	79	59	25,900	25,600	1.48	1.77
86/88 INTERNATIONAL ROAD	Leasehold	30+30	33 ⁽⁴³⁾	86/88 International Road Singapore 629176/629177	100	100	40,500	39,800	2.32	2.75
Total General Industrial Properties held by the Trust							700,791	722,400	40.05	49.93

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
<u>Properties held by the Trust (cont'd)</u>										
High-Specs Industrial Properties ⁽³⁾										
21/23 UBI ROAD 1	Leasehold	30+30	35 ⁽⁴⁴⁾	21/23 Ubi Road 1 Singapore 408724/408725	82	83	36,500	36,400	2.09	2.52
2 JALAN KILANG BARAT	Leasehold	99	41 ⁽⁴⁵⁾	2 Jalan Kilang Barat Singapore 159346	100	77	28,800	28,500	1.65	1.97
11 CHANG CHARN ROAD	Leasehold	99	35 ⁽⁴⁶⁾	11 Chang Charn Road Singapore 159640	39	42	28,100	28,500	1.61	1.97
12 ANG MO KIO STREET 65	Leasehold	30+30	29 ⁽⁴⁸⁾	12 Ang Mo Kio Street 65 Singapore 569060	91	91	37,000	37,600	2.12	2.60
16 TAI SENG STREET	Leasehold	30+30	46 ⁽¹⁵⁾	16 Tai Seng Street Singapore 534138	40	73	58,500	58,500	3.34	4.04
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	28 ⁽⁴⁹⁾	30 Marsiling Industrial Estate Road 8 Singapore 739193	100	100	46,000	46,500	2.63	3.21
Total High-Specs Industrial Properties held by the Trust							234,900	236,000	13.44	16.31
Business Park Properties ⁽⁴⁾										
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	35 ⁽⁵⁰⁾	16 International Business Park Singapore 609929	100	100	32,500	32,000	1.86	2.21
Total Business Park Properties held by the Trust							32,500	32,000	1.86	2.21
Total Properties held by the Trust							1,450,991	1,385,700	82.96	95.77

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders	
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %
Properties held by subsidiaries										
Logistics/Warehousing Properties ⁽¹⁾										
6 CHIN BEE AVENUE	Leasehold	30	22 ⁽⁵¹⁾	6 Chin Bee Avenue Singapore 619930	100	100	96,400	96,400	5.51	6.66
30 PIONEER ROAD	Leasehold	30	15 ⁽⁵²⁾	30 Pioneer Road Singapore 628502	100	100	41,400	41,400	2.37	2.86
Total Logistics/Warehousing Properties held by subsidiaries							137,800	137,800	7.88	9.52
General Industrial Properties ⁽²⁾										
11 UBI ROAD 1	Leasehold	30+30/ 21+30	34 ⁽⁵⁴⁾	11 Ubi Road 1 Singapore 408723	100	100	87,500	87,300	5.00	6.03
29 TAI SENG STREET	Leasehold	30+30	45 ⁽⁵⁵⁾	29 Tai Seng Street Singapore 534120	100	100	35,500	35,500	2.03	2.45
11 LORONG 3 TOA PAYOH	Leasehold	60	7 ⁽⁵⁶⁾	11 Lorong 3 Toa Payoh Singapore 319579	75	84	48,700	51,500	2.78	3.56
81 TUAS BAY DRIVE	Leasehold	60	45 ⁽⁵⁷⁾	81 Tuas Bay Drive Singapore 637308	100	100	28,000	28,000	1.60	1.94
Total General Industrial Properties held by subsidiaries							199,700	202,300	11.41	13.98

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location	Occupancy rate		Fair value		Percentage of net assets attributable to Unitholders		
					31-12-21 %	31-12-20 %	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 %	31-12-20 %	
Properties held by subsidiaries (cont'd)											
High-Specs Industrial Properties ⁽³⁾											
	19 TAI SENG AVENUE	Leasehold	30+30	46 ⁽⁵³⁾	19 Tai Seng Avenue Singapore 534054	76	27	49,300	44,800	2.82	3.10
#	7000 ANG MO KIO AVENUE 5	Leasehold	32+30	35 ⁽⁵⁸⁾	7000 Ang Mo Kio Avenue 5 Singapore 569877	97	97	306,200	302,500	17.51	20.91
Total High-Specs Industrial Properties held by subsidiaries								355,500	347,300	20.33	24.01
Business Park Properties ⁽⁴⁾											
	750 - 750E CHAI CHEE ROAD	Leasehold	60/43	9/9 ⁽⁵⁹⁾	750 to 750E Chai Chee Road Singapore 469000	81	80	257,600	278,200	14.72	19.23
	6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 ⁽⁶⁰⁾	6/8 Changi Business Park Avenue 1 Singapore 486017	57	53	381,000	373,000	21.78	25.78
	2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	46 ⁽⁶⁰⁾	2/4 Changi Business Park Avenue 1 Singapore 486015	100	100	165,000	165,000	9.43	11.40
Total Business Park Properties held by subsidiaries								803,600	816,200	45.94	56.41
Total Properties held by subsidiaries								1,496,600	1,503,600	85.56	103.92
Total Properties held by the Group								2,947,591	2,889,300	168.53	199.69

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

	31-12-21 S\$'000	31-12-20 S\$'000	Percentage of net assets attributable to Unitholders	
			31-12-21 %	31-12-20 %
Trust				
Investment properties (Note 3)	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	1,598,024	1,449,302	100.00	100.00
Group				
Investment properties (Note 3)	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	1,597,968	1,446,990	100.00	100.00
			Fair value	
			31-12-21	31-12-20
			S\$'000	S\$'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			29,264	–
Less: Right-of-use assets (Note 3)			(164,187)	(165,637)
Total investment properties			<u>1,450,991</u>	<u>1,385,700</u>
Group				
Investment properties – non-current			3,146,010	3,119,058
Investment properties held for divestment			29,264	–
Less: Right-of-use assets (Note 3)			(227,683)	(229,758)
Total investment properties			<u>2,947,591</u>	<u>2,889,300</u>

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

Notes:

- (1) Logistics/Warehousing properties are typically equipped with high floor loading and also have a high floor-to-ceiling height. Such buildings can be either single-storey or multi-storey properties with vehicular ramp access and/or heavy-duty cargo lift access.
- (2) General Industrial properties can be single or multi-storey facilities dedicated to general industrial, manufacturing or factory activities. Such spaces also have a low percentage of the usable space which can be set aside for office use.
- (3) High-Specs Industrial properties are mixed-use industrial buildings with a high proportion of space that can be allocated for office use. These buildings typically have facilities such as air-conditioned units and sufficient floorboard, ceiling height and electrical power capacities to enable both office and manufacturing functions to be carried out concurrently.
- (4) Business Parks are clusters of buildings and offices typically dedicated to business activities relating to high-technology, research and development (R&D) value-added and knowledge-intensive sectors. Companies that take up space in Business Parks can engage in a range of light and clean uses such as technical support, information-communications, healthcare devices, product design, development and testing, service centres and back-end office functions.
- (5) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
- (6) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
- (7) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
- (8) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 February 1991.
- (9) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
- (10) ESR-REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
- (11) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
- (12) ESR-REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
- (13) ESR-REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
- (14) ESR-REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
- (15) ESR-REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
- (16) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
- (17) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
- (18) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
- (19) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
- (20) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 April 1997.
- (21) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
- (22) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
- (23) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 2001 for 1 Changi North Street 2 and 30+30 year lease commencing from 23 November 2005 for 2 Changi North Street 2.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

Notes:

- (24) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
- (25) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1979.
- (26) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
- (27) ESR-REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
- (28) ESR-REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
- (29) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
- (30) ESR-REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
- (31) ESR-REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
- (32) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (33) ESR-REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
- (34) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
- (35) ESR-REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
- (36) ESR-REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
- (37) ESR-REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
- (38) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
- (39) ESR-REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
- (40) ESR-REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
- (41) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 September 1995.
- (42) ESR-REIT holds the remainder of a 29+30 year lease commencing from 1 June 1995 for 511 Yishun and 30+30 year lease commencing from 1 December 1993 for 513 Yishun.
- (43) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
- (44) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
- (45) ESR-REIT holds the remainder of a 99 year lease commencing from 1 July 1963.
- (46) ESR-REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
- (47) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
- (48) ESR-REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
- (49) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
- (50) ESR-REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
- (51) Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
- (52) Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Investment Properties Portfolio Statement

Notes:

- ⁽⁵³⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
- ⁽⁵⁴⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 September 1995 for Plot 1 and 21+30 year lease commencing from 1 September 2004 for Plot 2.
- ⁽⁵⁵⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.
- ⁽⁵⁶⁾ Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.
- ⁽⁵⁷⁾ Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.
- ⁽⁵⁸⁾ 7000 AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.
- ⁽⁵⁹⁾ Viva Trust holds the remainder of a 60 year lease commencing from 1 April 1971 for Plot 1: Lot 8134N Mukim 27 and 43 year lease commencing from 1 March 1988 for Plot 2: Lot 7837V Mukim 27.
- ⁽⁶⁰⁾ Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.
- ⁽⁶¹⁾ ESR-REIT holds the remainder of a 30+14 year lease commencing from 1 May 2006.
- + Property divested during the financial year
- # Property is on 100% basis which includes a 20% non-controlling interest.

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 2 to 25 years for single tenancy and from 5 months to 15 years for multi-tenancy.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

Notes to the Financial Statements Announcement

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

1. Summary of significant accounting policies

1.1 Basis of preparation

The condensed financial statements for the half year and full year ended 31 December 2021 have been prepared in accordance with FRS 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Investment Funds* applicable to annual and interim financial statements issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since its last annual financial statements for the financial year ended 31 December 2020.

1.2 Basis of measurement

The condensed financial statements are prepared on the historical cost basis, except for investment properties, investment at fair value through profit or loss, and derivative financial instruments, which are measured at fair value.

As at 31 December 2021, the current liabilities of the Group and the Trust exceeded their current assets by S\$272.1 million and S\$184.6 million, respectively. This is primarily due to the classification of term loans of S\$210.0 million as current liabilities as they are maturing within the next 12 months from 31 December 2021. 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.

1.3 Functional and presentation currency

The condensed 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.

1.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, 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. Significant accounting judgements and estimates

The preparation of condensed 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 significant judgements made by the Manager in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group’s annual financial statements for the financial year ended 31 December 2020.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

2. Significant accounting judgements and estimates (cont'd)

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.

Information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the condensed financial statements are included in Note 12.

3. Investment properties

	Group		Trust	
	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 S\$'000	31-12-20 S\$'000
<u>Investment properties</u>				
At beginning of the year	2,889,300	2,934,400	1,385,700	1,403,800
Acquisition of investment property	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 end of the year	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	-
	2,947,591	2,889,300	1,450,991	1,385,700
<u>Right-of-use assets</u>				
At beginning of the year	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	-
Decognition due to disposal of investment properties	(8,448)	-	(8,448)	-
Change in fair value during the year**	960	940	(1,857)	(1,893)
At end of the year	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	-
	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	-
	3,175,274	3,119,058	1,615,178	1,551,337

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

3. Investment properties (cont'd)

* The fair value loss of S\$40.8 million (2020: S\$59.3 million), together with an adjustment for the effect of lease incentives and marketing fee amortisation of -S\$0.4 million (2020: S\$0.4 million), aggregate to S\$40.4 million (2020: S\$59.7 million) as disclosed in the Statement of Total Return.

** The change in fair value of right-of-use of leasehold land has been adjusted for the effect of interest and payments borne by tenants of S\$0.7 million (2020: S\$0.7 million).

Information on the fair value assessment of investment properties is disclosed in Note 12.

Security

All the investment properties are fully unencumbered as at 31 December 2021 and 31 December 2020.

4. Interest-bearing borrowings

	Group		Trust	
	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 S\$'000	31-12-20 S\$'000
Current liabilities				
Unsecured SGD loans	210,000	191,000	210,000	191,000
Unamortised debt transaction costs	(561)	(533)	(561)	(533)
	209,439	190,467	209,439	190,467
Non-current liabilities				
Unsecured SGD loans	755,000	945,000	755,000	945,000
Unsecured AUD loan	59,507	-	59,507	-
Unsecured SGD fixed rate notes	175,000	50,000	175,000	50,000
Unamortised debt transaction costs	(8,094)	(6,853)	(8,094)	(6,853)
	981,413	988,147	981,413	988,147
Total interest-bearing borrowings	1,190,852	1,178,614	1,190,852	1,178,614

As at 31 December 2021, the Group has in place unsecured borrowings comprising:

- (i) the following notes issued under its S\$750 million Multicurrency Debt Issuance Programme:
 - S\$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
 - S\$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.
- (ii) loan facility of S\$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
 - Facility A: S\$100 million term loan facility maturing in May 2024 at an interest margin plus swap offer rate ("SOR"); and
 - Facility B: S\$50 million revolving credit facility maturing in May 2022 at an interest margin plus SOR.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

4. Interest-bearing borrowings (cont'd)

- (iii) loan facility of S\$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: S\$160 million term loan facility at an interest margin plus SOR, which has been fully repaid and cancelled;
 - Facility B: S\$180 million term loan facility maturing in October 2022 at an interest margin plus SOR; and
 - Facility C: S\$160 million term loan facility maturing in October 2023 at an interest margin plus SOR.
- (iv) term loan facility of S\$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR.
- (v) club loan facility of S\$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) Limited consisting of:
- Facility A: S\$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: S\$80 million term loan facility maturing in March 2023 at an interest margin plus SOR.
- (vi) club loan facility of S\$200 million from MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation, Singapore Branch consisting of:
- Facility A: S\$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
 - Facility B: S\$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.
- (vii) club loan facility of S\$320 million from UOB, Maybank, RHB and HSBC consisting of:
- Facility A: S\$160 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
 - Facility B: S\$160 million revolving credit facility maturing in March 2025 at an interest margin plus SOR.
- (viii) 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 loan and revolving credit facilities were S\$1,019.5 million and S\$5.0 million, respectively.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

5. Liabilities directly attributable to investment properties held for divestment

	Group		Trust	
	31-12-21 S\$'000	31-12-20 S\$'000	31-12-21 S\$'000	31-12-20 S\$'000
Lease liabilities	6,373	–	6,373	–

6. Gross revenue

	Group		Group	
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Property rental income	111,700	111,053	221,938	221,479
Other income	9,135	7,888	18,383	15,826
Reversal of rental rebates/(rental rebates) ⁽¹⁾	611	(2,771)	965	(7,381)
	121,446	116,170	241,286	229,924

⁽¹⁾ Rental rebates 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 pursuant to the COVID-19 (Temporary Measures) Act 2020.

7. Property expenses

	Group		Group	
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Property Manager's fees paid and payable in:				
- cash	3,983	4,730	7,933	8,580
- Units	1,457	684	2,872	2,051
	5,440	5,414	10,805	10,631
Property tax	10,307	9,702	20,101	19,244
Property tax rebates ⁽¹⁾	-	(1,359)	-	(1,359)
Repair and maintenance expenses	9,534	10,064	18,877	19,720
Other property operating expenses	9,871	8,370	18,242	17,481
	35,152	32,191	68,025	65,717

8. Management fees

	Group		Group	
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Base fees paid and payable in:				
- cash	4,510	5,059	8,807	9,359
- Units	3,122	2,250	6,033	5,280
	7,632	7,309	14,840	14,639

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

9. Trust expenses

	Group		Group	
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Auditor's remuneration				
- audit fees	130	242	278	395
- non-audit fees	41	247	87	357
Trustee's fees	327	272	595	544
Valuation fees	338	406	452	476
Professional fees	185	4,757	275	4,852
Other expenses ⁽¹⁾	385	1,194	1,085	2,029
	<u>1,406</u>	<u>7,118</u>	<u>2,772</u>	<u>8,653</u>

⁽¹⁾ Other expenses comprise investor relations costs, compliance costs, listing fees and other non-property related expenses.

10. Borrowing costs

	Group		Group	
	2H2021 S\$'000	2H2020 S\$'000	FY2021 S\$'000	FY2020 S\$'000
Borrowing costs paid and payable:				
- bank loans	9,295	9,177	18,468	22,308
- financial derivatives	8,487	9,777	17,767	14,861
- fixed rate notes	2,331	996	3,311	4,365
Amortisation of transaction costs relating to debt facilities	2,080	1,855	4,343	3,712
	<u>22,193</u>	<u>21,805</u>	<u>43,889</u>	<u>45,246</u>

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

11. Related parties

For the purposes of these condensed 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 condensed financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties:

	Group		Group	
	2H2021	2H2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
ESR Funds Management (S) Limited (the "Manager")				
Management fees paid and payable				
-in cash	4,509	5,059	8,807	9,359
-in units	3,123	2,250	6,033	5,280
Acquisition fees paid in cash	-	-	1,196	-
Development management fees paid and payable	21	-	21	-
Divestment fees paid in cash	265	-	265	-
ESR Property Management (S) Pte Ltd (Subsidiary of immediate holding company of the Manager)				
Property and lease management fees paid and payable				
-in cash	2,102	2,717	4,194	4,660
-in units	1,457	684	2,872	2,051
Lease marketing services commissions paid and payable	2,161	2,316	3,877	4,951
Project management fees paid and payable	51	133	299	158
Site staff cost recovery	471	401	802	817
Rental income received and receivable ⁽¹⁾	280	-	280	-
Utilities income received and receivable	2	-	2	-
RBC Investor Services Trust Singapore Limited (the "Trustee")				
Trustee fees paid and payable	237	179	412	355
Perpetual (Asia) Limited (the "Sub-trust Trustee")				
Trustee fees paid and payable	90	93	183	188
ESR Cayman Group				
Acquisition of a 10% interest in ESR Australia Logistics Partnership	-	-	62,630	-

⁽¹⁾ 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 FY2021.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. 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 input and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Manager's Board.

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation input 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: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable input for the asset or liability.

If the input used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement (with Level 3 being the lowest).

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no such transfers during the current and previous financial periods.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. Fair value measurement (cont'd)

(b) Assets and liabilities measured at fair value

The table below shows an analysis of each class of assets and liabilities of the Group and the Trust measured at fair value as at the end of the reporting period:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
As at 31.12.2021				
Non financial assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	–	3,146,010	3,175,274
Financial assets				
Investment at fair value through profit or loss	–	–	66,542	66,542
	<u>29,264</u>	<u>–</u>	<u>3,212,552</u>	<u>3,241,816</u>
Derivatives				
Derivative financial instruments	–	(13,653)	–	(13,653)
As at 31.12.2020				
Non financial assets				
Investment properties (including right-of-use assets)	–	–	3,119,058	3,119,058
Derivatives				
Derivative financial instruments	–	(38,578)	–	(38,578)

ESR-REIT
 FINANCIAL STATEMENTS ANNOUNCEMENT
 FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

12. Fair value measurement (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Trust				
As at 31.12.2021				
Non financial assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	29,264	–	1,585,914	1,615,178
Financial assets				
Investment at fair value through profit or loss	–	–	66,542	66,542
	29,264	–	1,652,456	1,681,720
Derivatives				
Derivative financial instruments	–	(13,653)	–	(13,653)
As at 31.12.2020				
Non financial assets				
Investment properties (including right-of-use assets)	–	–	1,551,337	1,551,337
Derivatives				
Derivative financial instruments	–	(38,578)	–	(38,578)

(c) *Level 1 fair value measurements*

Investment properties held for divestment

The fair values of investment properties held for divestment are based on recently agreed selling price for the subject property between unrelated third parties in an arm's length transaction.

(d) *Level 2 fair value measurements*

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Financial derivatives

The fair values 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.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. Fair value measurement (cont'd)

(e) Level 3 fair value measurements

The following is a description of the valuation techniques and input used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

Investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers, having appropriate recognised professional qualifications and experience in the location and category of property being valued. Independent valuations are obtained annually for all investment properties. Any change in the fair value is recorded in the Statement of Total Return.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the 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.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. Fair value measurement (cont'd)

(e) Level 3 fair value measurements (cont'd)

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
<i>Investment properties and investment properties held for divestment</i>		
Discounted cash flows method, direct comparison method and capitalisation approach	<ul style="list-style-type: none"> Market rental growth of 1.5% to 3.0% (2020: 2.0% to 3.5%) per annum Adjusted price (psm) of \$972 to \$1,723 (2020: \$667 to \$2,971) Risk-adjusted discount rates of 7.0% to 8.25% (2020: 7.0% to 9.25%) Capitalisation rates from 5.0% to 7.25% (2020: 5.0% to 7.35%) Terminal yield rates from 5.25% to 7.25% (2020: 5.25% to 7.5%) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> expected market rental growth were higher/(lower); the adjusted price psm were higher/(lower); the risk-adjusted discount rates were lower/(higher); the capitalisation rates were lower/(higher); or the terminal yield rates were lower/(higher).

Key unobservable inputs correspond to:

- Market rental growth, adjusted price psm, capitalisation and terminal yield rates derived from specialised publications from the industrial market and recent sales in the industrial sector.
- Discount rates, based on the risk-free rate for 10-year bonds issued by the Singapore government, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. 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
<i>Investment properties held by property fund</i>		
Discounted cash flows method and capitalisation approach	<ul style="list-style-type: none"> • Risk-adjusted discount rates of 5.50% to 7.25% • Capitalisation rates from 3.75% to 6.75% • Terminal yield rates from 4.00% to 7.00% 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> • the risk-adjusted discount rates were lower/(higher); • the capitalisation rates were lower/(higher); or • the terminal yield rates were lower/(higher).

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

12. Fair value measurement (cont'd)

(f) 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:

Group	Note	Financial assets at amortised cost S\$'000	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total carrying amount S\$'000	Fair value S\$'000
As at 31.12.2021						
Investment at fair value through profit or loss		–	66,542	–	66,542	66,542
Trade and other receivables*		22,928	–	–	22,928	22,928
Cash and cash equivalents		24,150	–	–	24,150	24,150
Loans and borrowings	4	–	–	(1,199,507)	(1,199,507)	(1,196,906)
Trade and other payables^		–	–	(77,370)	(77,370)	(77,370)
Amount due to non- controlling interest		–	–	(62,036)	(62,036)	(62,036)
Derivative financial instruments		–	(13,653)	–	(13,653)	(13,653)
		47,078	52,889	(1,338,913)	(1,238,946)	(1,236,345)
As at 31.12.2020						
Trade and other receivables*		9,591	–	–	9,591	9,591
Cash and cash equivalents		18,101	–	–	18,101	18,101
Loans and borrowings	4	–	–	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^		–	–	(78,998)	(78,998)	(78,998)
Amount due to non- controlling interest		–	–	(60,262)	(60,262)	(60,262)
Derivative financial instruments		–	(38,578)	–	(38,578)	(38,578)
		27,692	(38,578)	(1,317,874)	(1,328,760)	(1,328,732)

ESR-REIT
 FINANCIAL STATEMENTS ANNOUNCEMENT
 FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

12. Fair value measurement (cont'd)

(f) Classification of financial instruments (cont'd)

	Note	Financial assets at amortised cost S\$'000	Fair value through profit or loss S\$'000	Financial liabilities at amortised cost S\$'000	Total carrying amount S\$'000	Fair value S\$'000
Trust						
As at 31.12.2021						
Loans to subsidiaries		636,800	–	–	636,800	636,800
Investment at fair value through profit or loss		–	66,542	–	66,542	66,542
Trade and other receivables*		33,299	–	–	33,299	33,299
Cash and cash equivalents		14,164	–	–	14,164	14,164
Loans and borrowings	4	–	–	(1,199,507)	(1,199,507)	(1,196,906)
Trade and other payables^		–	–	(42,975)	(42,975)	(42,975)
Derivative financial instruments		–	(13,653)	–	(13,653)	(13,653)
		684,263	52,889	(1,242,482)	(505,330)	(502,729)
As at 31.12.2020						
Loans to subsidiaries		613,500	–	–	613,500	613,500
Trade and other receivables*		23,376	–	–	23,376	23,376
Cash and cash equivalents		8,556	–	–	8,556	8,556
Loans and borrowings	4	–	–	(1,178,614)	(1,178,614)	(1,178,586)
Trade and other payables^		–	–	(43,197)	(43,197)	(43,197)
Derivative financial instruments		–	(38,578)	–	(38,578)	(38,578)
		645,432	(38,578)	(1,221,811)	(614,957)	(614,929)

* Excludes prepayments.

^ Excludes rent received in advance, deposits received for divestment of properties held for divestment and GST payable.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

13. 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.

14. Seasonal operations

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

15. Financial ratios

	31.12.2021	31.12.2020
	%	%
Expenses to weighted average net assets ⁽¹⁾		
- including performance component of management fees	1.04	1.14
- excluding performance component of management fees	1.04	1.14
Portfolio turnover rate ⁽²⁾	3.12	–

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs and income tax expense.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

16. Capital commitments

As at the reporting date, the Group had S\$65.9 million (31 December 2020: S\$18.1 million) of capital commitments in respect of asset enhancement initiative and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the financial statements. These projects are targeted to complete by 2023.

17. Subsequent events

Subsequent to the reporting date, the Group completed the divestment of 28 Senoko Drive for a sale consideration of S\$12.0 million on 14 January 2022.

**ESR-REIT
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR AND FULL YEAR ENDED 31 DECEMBER 2021**

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT's future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

As Manager of ESR-REIT

(Company Registration No. 200512804G, Capital Markets Services Licence No. 100132)

Adrian Chui

Chief Executive Officer and Executive Director

27 January 2022

For further enquiries, please contact:

ESR Funds Management (S) Limited

Gloria Low

Corporate Communications Manager

Tel: +65 6827 9332

Email: gloria.low@esr-reit.com.sg

Lyn Ong

Investor Relations Manager

Tel: +65 6827 9504

Email: lyn.ong@esr-reit.com.sg



**Building a better
working world**

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing Address:
Robinson Road
PO Box 384
Singapore 900734

Tel: +65 6535 7777
Fax: +65 6532 7662
ey.com

ASU-RHC/61013338/LWH

RBC Investor Services Trust Singapore Limited
(in its capacity as Trustee of ESR-REIT)
8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960

ESR Funds Management (S) Limited
(in its capacity as Manager of ESR-REIT)
(the "Manager")
8 Changi Business Park Avenue 1
#05-51 ESR BizPark @ Changi (South Tower)
Singapore 486018

Dear Sirs

ESR-REIT and its subsidiaries
Review of condensed financial information for the six-month period and the financial year
ended 31 December 2021

Introduction

We have reviewed the accompanying condensed financial information of ESR-REIT (the "Trust") and its subsidiaries (collectively, the "Group") for the six-month period and the financial year ended 31 December 2021 (the "Condensed Financial Information"). The Condensed Financial Information comprises the following:

- Statements of financial position of the Group and the Trust as at 31 December 2021;
- Statements of total return of the Group for the six-month period and the financial year ended 31 December 2021;
- Distribution statements of the Group for the six-month period and the financial year ended 31 December 2021;
- Statements of movements in unitholders' funds of the Group and the Trust for the six-month period and the financial year ended 31 December 2021;
- Statements of cash flows of the Group for the six-month period and the financial year ended 31 December 2021;
- Investment properties portfolio statement of the Group and the Trust as at 31 December 2021; and
- Certain explanatory notes to the above Condensed Financial Information.

The Manager is responsible for the preparation and presentation of the Condensed Financial Information in accordance with the recommendations of *Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Investment Funds* relevant to annual



and interim financial information issued by the Institute of Singapore Chartered Accountants (“ISCA”).

Our responsibility is to express a conclusion on the Condensed Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Financial Information is not prepared, in all material respects, in accordance with the recommendations of the RAP 7 relevant to annual and interim financial information issued by the ISCA.

Restriction of use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Financial Information for the purpose of assisting the Trust in meeting the relevant financial disclosure requirements under the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore and for no other purpose. We do not assume responsibility to anyone other than the Trust for our work, for our report, or for the conclusions we have reached in our report.

A handwritten signature in black ink that reads 'Ernst & Young LLP' in a cursive, stylized font.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

26 January 2022



Report from the Independent Financial Adviser (“IFA”) in respect of the Condensed Financial Information

The Board of Directors (the “**Directors**”) of

ESR Funds Management (S) Limited
as Manager of ESR-REIT
8 Changi Business Park Avenue 1 #05-51
ESR BizPark @ Changi (South Tower)
Singapore 486018

RBC Investor Services Trust Singapore Limited
as Trustee of ESR-REIT
8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960

26 January 2022

Dear Sir/Madam,

Report from the IFA in respect of the Condensed Financial Information (as defined herein) made in the announcement which was released by ESR Funds Management (S) Limited, as Manager of ESR-REIT, on SGXNET on 27 January 2022

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the joint announcement in relation to the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a trust scheme of arrangement dated 15 October 2021.

On 15 October 2021, the respective boards of directors of the ESR-REIT Manager and the ALOG Manager jointly announced the Merger of ESR-REIT and ALOG which shall be effected through the acquisition by the ESR-REIT Trustee of all the units of ALOG held by the unitholders of ALOG, in exchange for cash and units in ESR-REIT, by way of a trust scheme of arrangement in compliance with the Code.

On 27 January 2022, the Directors had approved the unaudited financial statements announcement of ESR-REIT and its subsidiaries (collectively, the “**Group**”) relating to its financial performance for the half year and full year ended 31 December 2021 (the “**Condensed Financial Information**”).

We have reviewed the Condensed Financial Information and have held discussions with the management of the ESR-REIT Manager who are responsible for the preparation of the Condensed Financial Information

The Condensed Financial Information were arrived at on bases consistent with the significant accounting policies and methods of computation adopted by the Group for the preparation of the audited consolidated financial statements of the Group for the full year ended 31 December 2020 (“**FY2020**”), which are set out in the annual report of the Group for FY2020.

We have also considered the report on the review of Condensed Financial Information dated 26 January 2022 issued by Ernst & Young LLP, being the external independent auditors of the Group, relating to their review of the Condensed Financial Information.

Based on the above, we are of the opinion that the Condensed Financial Information have been made by the ESR-REIT Manager after due and careful enquiry.



For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and / or discussed with us by the ESR-REIT Manger. Save as provided in this letter, we do not express any other opinion or views on the Condensed Financial Information. The Directors remain solely responsible for the Condensed Financial Information.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept responsibility to any person(s), other than the ESR-REIT Manager, the Directors and the Trustee, in respect of, arising out of, or in connection with this letter.

Yours faithfully

For and on behalf of
Rothschild & Co Singapore Limited

Rohit Elhence
Managing Director, Head of South East Asia