CAPITAL MANAGEMENT

ESR-LOGOS REIT's capital management philosophy is grounded on the belief that cultivating diversified sources of capital and strengthening its credit profile to withstand unexpected changes is key to better manage risks for its Unitholders. We adopt a prudent and disciplined approach towards capital management to ensure financial flexibility in order to realise the REIT's growth objectives. Capital management metrics are regularly monitored to ensure they are within regulatory and internal risk thresholds.

KEY FINANCIAL INDICATORS

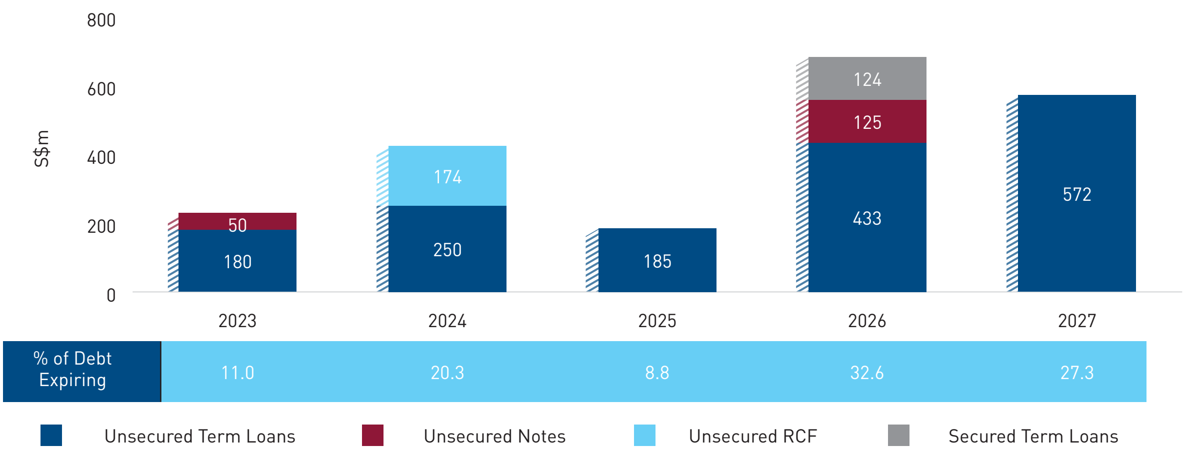
	As at 31 December 2022	As at 31 December 2021
Total Gross Debt (S$ million)	2,093.0	1,199.5
Debt to Total Assets (%)[1] [2]	41.8	40.0
Weighted Average All-in Cost of Debt (%) p.a.	3.66	3.31
Weighted Average Debt Expiry ("WADE") (years)	2.9	2.4
MAS Adjusted Interest Coverage Ratio (times)[3]	2.8	3.1
Interest Rate Exposure Fixed (%)	72.0	92.1
Weighted Average Fixed Debt Expiry ("WAFDE") (years)	2.0	2.0
Proportion of Unencumbered Investment Properties (%)[4]	96.0	100.0
Debt Headroom (S$ million)[5]	858.8	632.3
Undrawn Available Committed Facilities (S$ million)	320.4	262.9

ESR-LOGOS REIT's capital structure remains healthy with debt to total assets of 41.8% as at 31 December 2022. This translates to a debt headroom of S$858.8 million, providing ESR-LOGOS REIT with the financial flexibility to seize opportunities for growth and to meet any refinancing requirements.

To minimise the impact from the volatility of interest rate movements, 72.0% of borrowings have fixed interest rates for a weighted average tenor of 2.0 years.

ESR-LOGOS REIT maintains a well-staggered debt maturity profile, with no more than 32.6% of debt expiring in each year. The weighted average debt expiry is at 2.9 years as at 31 December 2022, as compared to 2.4 years one year ago.

Debt Maturity Profile as at 31 December 2022

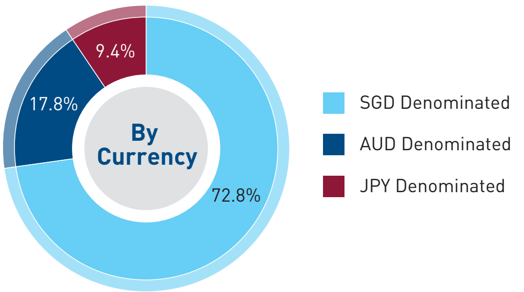


1 Includes ESR-LOGOS REIT's 49.0% share of the borrowings and total assets of PTC Logistics Hub LLP, but excludes the effects arising from the adoption of FRS 116 Leases
2 The Manager is of the view that the higher aggregate leverage as at 31 December 2022 will not have a material impact on the risk profile of ESR-LOGOS REIT as it is still within the MAS regulated aggregate leverage limit
3 Interest expense includes amortisation of debt-related transaction costs and distributions on perpetual securities but excludes finance costs on lease liabilities under FRS 116
4 Excludes ESR-LOGOS REIT's 49% interest in 48 Pandan Road
5 The aggregate leverage of a property fund may exceed 45% of the fund's deposited property (up to a maximum of 50%) subject to a minimum adjusted interest coverage ratio of 2.5 times

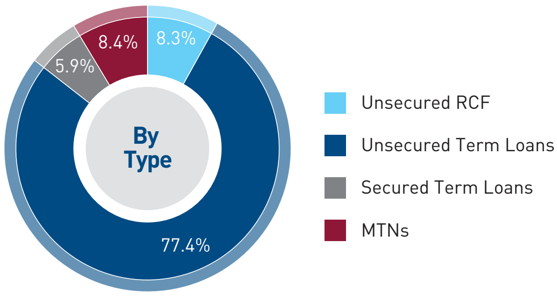
ESR-LOGOS REIT has S$230.0 million of debt expiring in FY2023 with the bulk of expiries occurring in 2H2023. The REIT has S$320.4 million of committed undrawn revolving credit facilities ("RCF") at attractive margins available to refinance FY2023 loan expiries, which potentially reduces interest expense and RCF commitment fees. Subsequent to 31 December 2022, S$180.0 million term loans expiring in 2H2023 have been repaid ahead of expiry. The REIT remains well-supported by 11 lending banks. The Manager will continue to proactively reduce uncertainties in the REIT's capital structure by extending the debt maturity profile to manage refinancing risks and explore alternative sources of funding across the debt and equity capital markets, where available.

As at 31 December 2022, unsecured term loans and RCF make up 85.7% of total debt and secured term loans make up 5.9% of total debt, while unsecured notes make up the remaining 8.4% of total debt.

Debt Breakdown — By Currency
Total Debt of S$2,093.0 million



Debt Breakdown — By Type
Total Debt of S$2,093.0 million



DIVERSIFIED SOURCES OF FUNDING

In FY2022, ESR-LOGOS REIT entered into the following loan facility agreements:

1. S$835.0 million and A$365.0 million unsecured loan facilities with DBS Bank Ltd. and its Australia Branch, Malayan Banking Berhad, Singapore Branch, Sumitomo Mitsui Banking Corporation Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, and Australia and New Zealand Banking Group Limited on 18 April 2022;

2. A$25.0 million unsecured loan and bank guarantee facility with Australia and New Zealand Banking Group Limited on 26 April 2022; and

3. JPY7.1 billion unsecured loan facility with Sumitomo Mitsui Banking Corporation Singapore Branch and MUFG Bank, Ltd. on 12 October 2022, and JPY12.2 billion secured loan facility with Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. on 27 October 2022

In June 2022, the Manager successfully issued S$150.0 million of 5.50% subordinated perpetual securities comprised in Series 008, pursuant to the S$750.0 million Multicurrency Debt Issuance Programme of ESR-LOGOS REIT.

In November 2022, the Manager also reset the distribution rate for the S$150.0 million 4.60% subordinated perpetual securities issued in 2017 pursuant to the S$750.0 million Multicurrency Debt Issuance Programme of ESR-LOGOS REIT to 6.632% per annum for the next five years.

CASH FLOWS AND HEDGING

ESR-LOGOS REIT has taken a proactive role in monitoring its cash flow position and requirements to ensure sufficient liquidity and adequate funding is available for distribution to its Unitholders, as well as to meet any short-term obligations.

The Manager endeavours to maximise natural currency hedge by using borrowings in local currency when financing investments, where possible. Currently, the REIT's AUD and JPY denominated borrowings provide a natural currency hedge for its Australian and Japanese investments, respectively. Foreign exchange volatility is also managed as foreign exchange forward contracts were entered into to hedge a significant portion of distributable income from the REIT's overseas investments to meet distribution payments on a 12-month rolling basis.

Furthermore, 72.0% of borrowings are on fixed interest rates with weighted average fixed debt expiry of 2.0 years. This allows for the REIT to be sufficiently hedged against rising interest rates with allowance for further hedging should favourable opportunities arise.