

## FINANCIAL CONTENTS

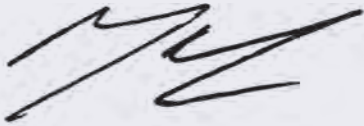
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## REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of ESR-LOGOS REIT (formerly known as ESR-REIT) (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”). In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“MAS”) and the Listing Manual, the Trustee shall monitor the activities of ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited) (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 31 March 2006 (as amended), including the Deed of Retirement and Appointment of Trustee of the Trust dated 14 April 2022 between the Trustee and the Manager (the “Trust Deed”) in each annual accounting year and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the year covered by these financial statements, set out on pages 211 to 307 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,  
Perpetual (Asia) Limited



Matthew Allen  
Director

Singapore

17 March 2023

## STATEMENT BY THE MANAGER

In the opinion of the directors of ESR-LOGOS Funds Management (S) Limited, the accompanying financial statements of ESR-LOGOS REIT (the “Trust”) and its subsidiaries (the “Group”) set out on pages 211 to 307 comprising the Statements of Financial Position, Consolidated Statement of Total Return, Consolidated Distribution Statement, Statements of Movements in Unitholders’ Funds, Investment Properties Portfolio Statements, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies, are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2022, and the financial performance, distributable income, movements in Unitholders’ funds and cash flows of the Group and movements in Unitholders’ funds of the Trust for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,  
ESR-LOGOS Funds Management (S) Limited



Ms. Stefanie Yuen Thio  
Chairperson

Singapore

17 March 2023

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

For the financial year ended 31 December 2022

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of ESR-LOGOS REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and investment properties portfolio statements of the Group and the Trust as at 31 December 2022, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of movements in unitholders' funds of the Trust are properly drawn up in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds"* issued by the Institute of Singapore Chartered Accountants and present fairly, in all material respects, the consolidated financial position and consolidated portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 December 2022 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

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

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

For the financial year ended 31 December 2022

## Key audit matters (continued)

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

The Group's investments in property assets comprise investment properties held either directly or through joint venture and investments in unquoted property funds. As at 31 December 2022, the respective carrying value of directly held investment properties is \$5.1 billion, investment in joint venture is \$41.2 million, and investments at fair value through profit or loss is \$342.7 million. The underlying investment properties, held directly or indirectly, are stated at fair values based on independent external valuations.

The valuation of investment properties is considered a key audit matter because it requires significant judgement in the determination of the appropriate valuation methodology and the assumptions and estimates that are to be applied in the valuation. The valuation of the investment properties is sensitive to changes in the key assumptions applied, which is aggravated by an increase in the level of estimation uncertainty and judgement required arising from the rapid changes in market and economic conditions.

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

We considered the valuation methodologies adopted and compared them against those applied by other valuers for similar property types. We tested the key inputs in the projected cash flows and net operating income used in the valuations to supporting key information such as contractual terms of the leases and externally available industry and economic data.

We assessed the reasonableness of key assumptions used in the valuations, including market rental growth, price per square metre, terminal yield, capitalisation and discount rates, by comparing them against current and historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures and, where necessary, held discussions with the valuers to understand the effects of additional factors taken into account in the valuations and assessed whether the assumptions and market data used were reasonable in the context of the current environment.

We have reviewed the appropriateness of the disclosures in Notes 4 and 30 of the financial statements.

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

For the financial year ended 31 December 2022

## Key audit matters (continued)

### Accounting for acquisition of ARA LOGOS Logistics Trust

On 22 April 2022, the Group completed the merger with ALOG by way of a trust scheme of arrangement (the "Merger"). The Group acquired all the issued and paid-up units in ALOG held by the unitholders of ALOG.

The Merger is considered a key audit matter as it was a significant non-routine transaction which requires significant management judgement in determining whether the transaction is a business combination or an acquisition of assets, as the accounting implications are different in each case. The Group accounted for the Merger as an acquisition of assets.

We assessed the appropriateness of the basis of accounting as acquisition of assets by examining the transaction agreements to understand the key terms of the acquisition. We compared the methodologies and key assumptions used in determining the fair values of the identified assets acquired and liabilities assumed to generally accepted market practices and market data. We checked the computations for allocating the scheme consideration to those assets acquired, liabilities assumed, and the premium over net assets acquired.

We have assessed the adequacy and reviewed the appropriateness of the disclosures in Note 5 to the financial statements.

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

For the financial year ended 31 December 2022

## Other information

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

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

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

## Responsibilities of the Manager for the financial statements

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

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

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

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

For the financial year ended 31 December 2022

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

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

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

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



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

For the financial year ended 31 December 2022

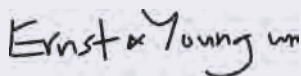
## Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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



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

17 March 2023

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Trust	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investment properties	4	5,103,400	3,146,010	1,570,449	1,585,914
Investments in subsidiaries	5	-	-	2,104,974	761,591
Investment in joint venture	6	41,233	40,714	41,233	40,714
Investments at fair value through profit or loss ("FVTPL")	7	342,665	66,542	77,320	66,542
Loans to subsidiaries	8	-	-	725,755	636,800
Derivative financial instruments	9	19,617	-	10,419	-
		<b>5,506,915</b>	<b>3,253,266</b>	<b>4,530,150</b>	<b>3,091,561</b>
<b>Current assets</b>					
Trade and other receivables	10	40,684	23,085	52,177	33,421
Derivative financial instruments	9	4,385	-	4,385	-
Cash and bank balances	11	45,579	24,150	9,539	14,164
		<b>90,648</b>	<b>47,235</b>	<b>66,101</b>	<b>47,585</b>
Investment properties held for divestment	4	56,595	29,264	8,141	29,264
		<b>147,243</b>	<b>76,499</b>	<b>74,242</b>	<b>76,849</b>
<b>Total assets</b>		<b>5,654,158</b>	<b>3,329,765</b>	<b>4,604,392</b>	<b>3,168,410</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	12	91,560	64,308	42,796	39,245
Lease liabilities for leasehold land	13	16,180	2,717	2,895	2,717
Interest-bearing borrowings	14	229,349	209,439	229,349	209,439
Derivative financial instruments	9	-	3,707	-	3,707
Amount due to non-controlling interest	15	63,316	62,036	-	-
		<b>400,405</b>	<b>342,207</b>	<b>275,040</b>	<b>255,108</b>
Liabilities directly attributable to investment properties held for divestment	13	6,328	6,373	1,076	6,373
		<b>406,733</b>	<b>348,580</b>	<b>276,116</b>	<b>261,481</b>
<b>Non-current liabilities</b>					
Trade and other payables	12	20,530	20,283	5,537	9,467
Lease liabilities for leasehold land	13	521,440	218,593	155,154	155,097
Interest-bearing borrowings	14	1,846,707	981,413	1,410,387	981,413
Derivative financial instruments	9	1,907	9,946	1,907	9,946
Deferred tax liabilities	24	7,754	1,867	4,208	1,867
		<b>2,398,338</b>	<b>1,232,102</b>	<b>1,577,193</b>	<b>1,157,790</b>
<b>Total liabilities</b>		<b>2,805,071</b>	<b>1,580,682</b>	<b>1,853,309</b>	<b>1,419,271</b>
<b>Net assets</b>		<b>2,849,087</b>	<b>1,749,083</b>	<b>2,751,083</b>	<b>1,749,139</b>
Represented by:					
Unitholders' funds		2,444,653	1,597,968	2,448,955	1,598,024
Perpetual securities holders' funds	16	302,128	151,115	302,128	151,115
Non-controlling interest - perpetual securities	17	102,306	-	-	-
		<b>2,849,087</b>	<b>1,749,083</b>	<b>2,751,083</b>	<b>1,749,139</b>
<b>Units in issue ('000)</b>	18	<b>6,719,188</b>	<b>4,030,257</b>	<b>6,719,188</b>	<b>4,030,257</b>
<b>Net asset value per Unit (cents)</b>		<b>36.4</b>	<b>39.6</b>	<b>36.4</b>	<b>39.7</b>

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

# STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2022

	Note	Group	
		2022 \$'000	2021 \$'000
<b>Gross revenue</b>	19	<b>343,232</b>	241,286
Property expenses	20	<b>(98,989)</b>	(68,025)
Net property income		<b>244,243</b>	173,261
Income from investments at FVTPL		<b>11,129</b>	1,536
Management fees	21	<b>(21,201)</b>	(14,840)
Trust expenses	22	<b>(5,172)</b>	(2,772)
Borrowing costs, net	23	<b>(62,247)</b>	(43,869)
Finance costs on lease liabilities for leasehold land	13	<b>(23,743)</b>	(11,825)
<b>Net income</b>		<b>143,009</b>	101,491
Foreign exchange (loss)/gain		<b>(2,256)</b>	3,125
Change in fair value of investments at FVTPL		<b>8,360</b>	9,312
Change in fair value of financial derivatives		<b>27,570</b>	24,925
Change in fair value of investment properties	4	<b>(22,511)</b>	(40,381)
Fair value adjustments relating to the Merger		<b>(427,055)</b>	-
Change in fair value of right-of-use of leasehold land	13	<b>5,593</b>	1,588
Share of results of joint venture	6	<b>5,343</b>	7,701
<b>Total (loss)/return for the year before income tax</b>		<b>(261,947)</b>	107,761
Income tax expense	24	<b>(9,492)</b>	(2,162)
<b>Total (loss)/return for the year after income tax</b>		<b>(271,439)</b>	105,599
<b>Attributable to:</b>			
Unitholders of the Trust and perpetual securities holders		<b>(278,261)</b>	101,521
Non-controlling interest - perpetual securities holders		<b>3,828</b>	-
Non-controlling interest - others		<b>2,994</b>	4,078
<b>Total (loss)/return for the year</b>		<b>(271,439)</b>	105,599
<b>Earnings per Unit (cents)</b>			
Basic and diluted	25	<b>(4.972)</b>	2.481
<b>Distribution per Unit (cents)</b>	25	<b>3.000</b>	2.987

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

# DISTRIBUTION STATEMENT

For the financial year ended 31 December 2022

	Group	
	2022 \$'000	2021 \$'000
Total (loss)/return after income tax, before distribution for the year	<b>(278,261)</b>	101,521
Add: Distribution adjustments (Note A)	<b>437,871</b>	18,947
	<b>159,610</b>	120,468
Amount reserved for distributions to perpetual securities holders	<b>(12,049)</b>	(6,900)
<b>Net income available for distribution to Unitholders</b>	<b>147,561</b>	113,568
<b>Total amount available for distribution comprising:</b>		
– Taxable income	<b>147,561</b>	113,568
– Tax-exempt income	<b>12,049</b>	183
– Capital distribution	<b>17,487</b>	642
	<b>177,097</b>	114,393
Less: Distributions (Note B)	<b>(73,606)</b>	(85,323)
<b>Net amount available for distribution to Unitholders as at 31 December</b>	<b>103,491</b>	29,070
<b>Note A - Distribution adjustments</b>		
<b>Non-tax deductible/(chargeable) items and other adjustments:</b>		
Management fees paid/payable in Units	<b>10,837</b>	6,033
Property Manager's fees paid/payable in Units	<b>3,257</b>	2,872
Trustee's fees	<b>1,028</b>	595
Financing related costs, including amortisation of debt related costs	<b>11,091</b>	7,261
Realised foreign exchange gain	<b>(1,779)</b>	–
Unrealised foreign exchange loss/(gain)	<b>4,163</b>	(3,134)
Change in fair value of investments at FVTPL	<b>(8,360)</b>	(9,312)
Fair value adjustments relating to the Merger	<b>427,055</b>	–
Change in fair value of investment properties	<b>22,511</b>	40,381
Change in fair value of financial derivatives	<b>(27,570)</b>	(24,925)
Legal and professional fees	<b>(867)</b>	95
Adjustment for straight line rent and lease incentives	<b>(1,976)</b>	(1,140)
Miscellaneous expenses	<b>2,291</b>	850
Share of results of joint venture	<b>(5,343)</b>	(7,701)
Distributable income from joint venture	<b>5,236</b>	5,937
Withholding tax paid for capital gain	<b>–</b>	209
Deferred tax expense	<b>5,069</b>	1,867
Non-controlling interest share of non-tax deductible items	<b>(643)</b>	572
Interest income from subsidiary that was capitalised	<b>227</b>	–
Rollover adjustment from prior years	<b>(2,224)</b>	(171)
Tax interest adjustment	<b>262</b>	210
Net tax adjustments for income from subsidiaries and investments at FVTPL	<b>(6,394)</b>	(1,552)
<b>Net effect of distribution adjustments</b>	<b>437,871</b>	18,947

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

# DISTRIBUTION STATEMENT

For the financial year ended 31 December 2022

## Note B - Distributions

	Group	
	2022 \$'000	2021 \$'000
Distributions to Unitholders during the financial year comprise:		
Distribution of 0.550 cents per Unit for the period from 22/4/2022 to 30/6/2022	<b>36,720</b>	–
Distribution of 0.910 cents per Unit for the period from 1/1/2022 to 21/4/2022	<b>36,886</b>	–
Distribution of 0.712 cents per Unit for the period from 1/7/2021 to 30/9/2021	–	28,532
Distribution of 0.344 cents per Unit for the period from 18/5/2021 to 30/6/2021	–	13,338
Distribution of 0.410 cents per Unit for the period from 1/4/2021 to 17/5/2021	–	14,724
Distribution of 0.800 cents per Unit for the period from 1/1/2021 to 31/3/2021	–	28,729
	<b>73,606</b>	85,323
Distribution of 0.721 cents per Unit for the period from 1/10/2021 to 31/12/2021	<b>29,058</b>	–
Distribution of 0.840 cents per Unit for the period from 1/10/2020 to 31/12/2020	–	30,041
	<b>102,664</b>	115,364
Total distributions to Unitholders during the financial year <sup>1</sup>		

1 Distributions were partly paid by ESR-LOGOS REIT issuing an aggregate of 39.9 million Units amounting to \$16.4 million (2021: 43.5 million Units amounting to \$18.6 million), pursuant to the Distribution Reinvestment Plan.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2022

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>1,597,968</b>	1,446,990	<b>1,598,024</b>	1,449,302
<b>Operations</b>				
Total (loss)/return for the year after tax attributable to Unitholders and perpetual securities holders	<b>(278,261)</b>	101,521	<b>(346,713)</b>	99,265
Less: Amount reserved for distribution to perpetual securities holders	<b>(12,049)</b>	(6,900)	<b>(12,049)</b>	(6,900)
<b>Net (decrease)/increase in net assets resulting from operations</b>	<b>(290,310)</b>	94,621	<b>(358,762)</b>	92,365
<b>Movement in foreign currency translation reserve</b>	<b>(72,698)</b>	-	-	-
<b>Unitholders' transactions</b>				
Management fees paid in Units	<b>12,230</b>	7,377	<b>12,230</b>	7,377
Units issued through Distribution Reinvestment Plan	<b>16,444</b>	18,572	<b>16,444</b>	18,572
Private placement	-	100,000	-	100,000
Preferential offering	-	49,629	-	49,629
Acquisition fees paid in Units	<b>17,647</b>	-	<b>17,647</b>	-
Partial consideration paid in Units pursuant to the Merger	<b>1,268,318</b>	-	<b>1,268,318</b>	-
Equity issue costs pursuant to: (Note 26)				
- Distribution Reinvestment Plan	<b>(557)</b>	(400)	<b>(557)</b>	(400)
- Private placement	-	(2,239)	-	(2,239)
- Preferential offering	<b>(6)</b>	(1,218)	<b>(6)</b>	(1,218)
- Perpetual securities	<b>(1,719)</b>	-	<b>(1,719)</b>	-
Distributions to Unitholders	<b>(102,664)</b>	(115,364)	<b>(102,664)</b>	(115,364)
<b>Net increase in Unitholders' funds resulting from Unitholders' transactions</b>	<b>1,209,693</b>	56,357	<b>1,209,693</b>	56,357
<b>Balance at end of the year</b>	<b>2,444,653</b>	1,597,968	<b>2,448,955</b>	1,598,024
<b>Perpetual Securities Holders' Funds</b>				
<b>Balance at beginning of the year</b>	<b>151,115</b>	151,115	<b>151,115</b>	151,115
Issue of perpetual securities	<b>150,000</b>	-	<b>150,000</b>	-
Amount reserved for distribution to perpetual securities holders	<b>12,049</b>	6,900	<b>12,049</b>	6,900
Distributions to perpetual securities holders	<b>(11,036)</b>	(6,900)	<b>(11,036)</b>	(6,900)
<b>Balance at end of the year</b>	<b>302,128</b>	151,115	<b>302,128</b>	151,115
<b>Non-controlling interest</b>				
<b>- ALOG Trust's Perpetual Securities Holders</b>				
<b>Balance at beginning of the year</b>	-	-	-	-
Non-controlling interest acquired pursuant to the Merger	<b>101,205</b>	-	-	-
Amount reserved for distribution to non-controlling interest - perpetual securities holders	<b>3,828</b>	-	-	-
Distributions to non-controlling interest - perpetual securities holders	<b>(2,727)</b>	-	-	-
<b>Balance at end of the year</b>	<b>102,306</b>	-	-	-
<b>Total</b>	<b>2,849,087</b>	1,749,083	<b>2,751,083</b>	1,749,139

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Group</b>				
<b>Singapore</b>				
<b>Business Park Properties <sup>(1)</sup></b>				
16 INTERNATIONAL BUSINESS PARK	Leasehold	30+30	34 <sup>(5)</sup>	16 International Business Park Singapore 609929
750 – 750E CHAI CHEE ROAD	Leasehold	60/43	8/8 <sup>(6)</sup>	750 to 750E Chai Chee Road Singapore 469000
6/8 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	45 <sup>(7)</sup>	6/8 Changi Business Park Avenue 1 Singapore 486017
2/4 CHANGI BUSINESS PARK AVENUE 1	Leasehold	30+30	45 <sup>(7)</sup>	2/4 Changi Business Park Avenue 1 Singapore 486015
<b>Total Business Park Properties</b>				
<b>High-Specs Industrial Properties <sup>(2)</sup></b>				
21/23 UBI ROAD 1	Leasehold	30+30	34 <sup>(8)</sup>	21/23 Ubi Road 1 Singapore 408724/408725
+ 2 JALAN KILANG BARAT	Leasehold	99	—	2 Jalan Kilang Barat Singapore 159346
11 CHANG CHARN ROAD	Leasehold	99	34 <sup>(9)</sup>	11 Chang Charn Road Singapore 159640
12 ANG MO KIO STREET 65	Leasehold	30+30	28 <sup>(10)</sup>	12 Ang Mo Kio Street 65 Singapore 569060
16 TAI SENG STREET	Leasehold	30+30	44 <sup>(11)</sup>	16 Tai Seng Street Singapore 534138
30 MARSILING INDUSTRIAL ESTATE ROAD 8	Leasehold	30+30	27 <sup>(12)</sup>	30 Marsiling Industrial Estate Road 8 Singapore 739193
19 TAI SENG AVENUE	Leasehold	30+30	45 <sup>(13)</sup>	19 Tai Seng Avenue Singapore 534054
# 7000 ANG MO KIO AVENUE 5	Leasehold	32+30	34 <sup>(14)</sup>	7000 Ang Mo Kio Avenue 5 Singapore 569877
<b>Total High-Specs Industrial Properties</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
100	100	32,500	32,500	1.33	2.03
80	81	232,000	257,600	9.49	16.12
59	57	384,000	381,000	15.71	23.84
100	100	189,000	165,000	7.73	10.33
		<b>837,500</b>	836,100	<b>34.26</b>	52.32
94	82	37,100	36,500	1.52	2.28
—	100	—	28,800	—	1.80
62	39	28,200	28,100	1.15	1.76
92	91	37,200	37,000	1.52	2.32
81	40	87,100	58,500	3.56	3.66
100	100	46,500	46,000	1.90	2.88
76	76	51,500	49,300	2.11	3.09
88	97	328,300	306,200	13.43	19.16
		<b>615,900</b>	590,400	<b>25.19</b>	36.95

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



# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Singapore</b>				
<b>Logistics Properties<sup>(3)</sup></b>				
1 THIRD LOK YANG ROAD AND 4 FOURTH LOK YANG ROAD	Leasehold	30	9 <sup>(15)</sup>	1 Third Lok Yang Road Singapore 627996 and 4 Fourth Lok Yang Road Singapore 629701
25 CHANGI SOUTH AVENUE 2	Leasehold	30+30	32 <sup>(16)</sup>	25 Changi South Ave 2 Singapore 486594
160 KALLANG WAY	Leasehold	30+30	10 <sup>(17)</sup>	160 Kallang Way Singapore 349246
4/6 CLEMENTI LOOP	Leasehold	30+30	31 <sup>(18)</sup>	4/6 Clementi Loop Singapore 129810 and 129814
24 JURONG PORT ROAD	Leasehold	30+12	14 <sup>(19)</sup>	24 Jurong Port Road Singapore 619097
3 PIONEER SECTOR 3	Leasehold	30+30	28 <sup>(20)</sup>	3 Pioneer Sector 3 Singapore 628342
15 GREENWICH DRIVE	Leasehold	30	19 <sup>(21)</sup>	15 Greenwich Drive Singapore 534022
46A TANJONG PENJURU	Leasehold	30+14	27 <sup>(22)</sup>	46A Tanjong Penjuru Singapore 609040
6 CHIN BEE AVENUE	Leasehold	30	21 <sup>(23)</sup>	6 Chin Bee Avenue Singapore 619930
30 PIONEER ROAD	Leasehold	30	14 <sup>(24)</sup>	30 Pioneer Road Singapore 628502
COMMODITY HUB	Leasehold	29	13 <sup>(25)</sup>	24 Penjuru Road, Singapore 609128
COLD CENTRE	Leasehold	30+30	43 <sup>(26)</sup>	2 Fishery Port Road Singapore 619746
SCHENKER MEGAHUB	Leasehold	30	42 <sup>(27)</sup>	51 Alps Avenue Singapore 498783
CHANGI DISTRICENTRE 1	Leasehold	30+30	43 <sup>(28)</sup>	5 Changi South Lane Singapore 486045
AIR MARKET LOGISTICS CENTRE	Leasehold	30+16	30 <sup>(29)</sup>	22 Loyang Lane Singapore 508931
<b>Balance carried forward</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
100	100	8,000	10,300	0.33	0.64
100	100	13,000	12,000	0.53	0.75
8	100	22,200	24,400	0.91	1.53
86	92	39,600	39,200	1.62	2.45
98	98	84,000	85,700	3.44	5.36
100	93	100,000	98,100	4.09	6.14
100	100	90,000	93,500	3.68	5.85
80	100	118,000	119,600	4.83	7.48
100	100	97,900	96,400	4.00	6.03
100	100	39,800	41,400	1.63	2.59
100	—	251,500	—	10.29	—
63	—	110,000	—	4.50	—
100	—	94,500	—	3.86	—
93	—	96,200	—	3.93	—
100	—	13,400	—	0.55	—
		<b>1,178,100</b>	<b>620,600</b>	<b>48.19</b>	<b>38.82</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Singapore</b>				
<b>Logistics Properties</b> <sup>(3)</sup> (continued)				
<b>Balance brought forward</b>				
PAN ASIA LOGISTICS CENTRE	Leasehold	30	17 <sup>(30)</sup>	21 Changi North Way Singapore 498774
GUL LOGISCENTRE	Leasehold	30	11 <sup>(31)</sup>	15 Gul Way Singapore 629193
DHL SUPPLY CHAIN ADVANCED REGIONAL CENTRE	Leasehold	30	21 <sup>(32)</sup>	1 Greenwich Drive, Tampines LogisPark Singapore 533565
^ PANDAN LOGISTICS HUB	Leasehold	30	17 <sup>(33)</sup>	49 Pandan Road, Singapore 609290
<b>Total Logistics Properties</b>				
<b>General Industrial Properties</b> <sup>(4)</sup>				
^ 70 SELETAR AEROSPACE VIEW	Leasehold	30	19 <sup>(34)</sup>	70 Seletar Aerospace View Singapore 797564
30 TEBAN GARDENS CRESCENT	Leasehold	10+22	16 <sup>(35)</sup>	30 Teban Gardens Crescent Singapore 608927
30 TOH GUAN ROAD	Leasehold	30+30	33 <sup>(36)</sup>	30 Toh Guan Road Singapore 608840
128 JOO SENG ROAD	Leasehold	30+30	29 <sup>(37)</sup>	128 Joo Seng Road Singapore 368356
130 JOO SENG ROAD	Leasehold	30+30	29 <sup>(38)</sup>	130 Joo Seng Road Singapore 368357
136 JOO SENG ROAD	Leasehold	30+30	28 <sup>(39)</sup>	136 Joo Seng Road Singapore 368360
<b>Balance carried forward</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
		<b>1,178,100</b>	<b>620,600</b>	<b>48.19</b>	<b>38.82</b>
100	—	31,700	—	1.29	—
100	—	28,300	—	1.16	—
100	—	165,000	—	6.75	—
92	—	43,201	—	1.77	—
		<b>1,446,301</b>	<b>620,600</b>	<b>59.16</b>	<b>38.82</b>
—	—	7,065	7,000	0.29	0.44
63	100	29,300	30,500	1.20	1.91
97	97	60,800	60,800	2.49	3.80
97	96	12,300	11,700	0.50	0.73
100	100	16,000	15,300	0.65	0.96
100	100	12,900	12,600	0.53	0.79
		<b>138,365</b>	<b>137,900</b>	<b>5.66</b>	<b>8.63</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Singapore</b>				
<b>General Industrial Properties<sup>(4)</sup> (continued)</b>				
<b>Balance brought forward</b>				
	79 TUAS SOUTH STREET 5	Leasehold	30+30	37 <sup>(40)</sup> 79 Tuas South Street 5 Singapore 637604
	31 TUAS AVENUE 11	Leasehold	30+30	31 <sup>(41)</sup> 31 Tuas Avenue 11 Singapore 639105
	1/2 CHANGI NORTH STREET 2	Leasehold	30+30/ 30+30	38/43 <sup>(42)</sup> 1/2 Changi North Street 2 Singapore 498808/498775
	9 TUAS VIEW CRESCENT	Leasehold	30+30	36 <sup>(43)</sup> 9 Tuas View Crescent Singapore 637612
+	28 SENOKO DRIVE	Leasehold	30+30	— 28 Senoko Drive Singapore 758214
	31 CHANGI SOUTH AVENUE 2	Leasehold	30+30	32 <sup>(44)</sup> 31 Changi South Avenue 2 Singapore 486478
	22 CHIN BEE DRIVE	Leasehold	30	13 <sup>(45)</sup> 22 Chin Bee Drive Singapore 619870
	54 SERANGOON NORTH AVENUE 4	Leasehold	30+30	33 <sup>(46)</sup> 54 Serangoon North Avenue 4 Singapore 555854
	2 TUAS SOUTH AVENUE 2	Leasehold	60	36 <sup>(47)</sup> 2 Tuas South Ave 2 Singapore 637601
	21B SENOKO LOOP	Leasehold	30+30	30 <sup>(48)</sup> 21B Senoko Loop Singapore 758171
	60 TUAS SOUTH STREET 1	Leasehold	30	12 <sup>(49)</sup> 60 Tuas South Street 1 Singapore 639925
	5/7 GUL STREET 1	Leasehold	29.5	15 <sup>(50)</sup> 5/7 Gul Street 1 Singapore 629318/629320
	28 WOODLANDS LOOP	Leasehold	30+30	33 <sup>(51)</sup> 28 Woodlands Loop Singapore 738308
	25 PIONEER CRESCENT	Leasehold	30+28	44 <sup>(52)</sup> 25 Pioneer Crescent Singapore 628554
<b>Balance carried forward</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
		<b>138,365</b>	<b>137,900</b>	<b>5.66</b>	<b>8.63</b>
100	100	<b>9,600</b>	10,700	<b>0.39</b>	0.67
100	100	<b>12,200</b>	12,100	<b>0.50</b>	0.76
100	100	<b>23,000</b>	22,400	<b>0.94</b>	1.40
100	—	<b>10,300</b>	10,000	<b>0.42</b>	0.63
—	100	—	11,916	—	0.75
100	100	<b>13,500</b>	13,300	<b>0.55</b>	0.83
—	—	<b>13,000</b>	13,900	<b>0.53</b>	0.87
91	99	<b>23,400</b>	22,900	<b>0.96</b>	1.43
100	100	<b>39,200</b>	36,700	<b>1.60</b>	2.30
—	—	<b>23,800</b>	22,800	<b>0.97</b>	1.43
100	100	<b>4,000</b>	4,100	<b>0.16</b>	0.26
63	63	<b>11,400</b>	13,900	<b>0.47</b>	0.87
100	100	<b>18,000</b>	17,300	<b>0.74</b>	1.08
100	100	<b>16,800</b>	16,400	<b>0.69</b>	1.03
		<b>356,565</b>	<b>366,316</b>	<b>14.58</b>	<b>22.94</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Singapore</b>				
<b>General Industrial Properties<sup>(4)</sup> (continued)</b>				
<b>Balance brought forward</b>				
11 WOODLANDS WALK	Leasehold	30+30	33 <sup>(53)</sup>	11 Woodlands Walk Singapore 738265
43 TUAS VIEW CIRCUIT	Leasehold	30	15 <sup>(54)</sup>	43 Tuas View Circuit Singapore 637360
13 JALAN TERUSAN	Leasehold	28	12 <sup>(55)</sup>	13 Jalan Terusan Singapore 619293
160A GUL CIRCLE	Leasehold	27	18 <sup>(56)</sup>	160A Gul Circle Singapore 629618
3 TUAS SOUTH AVENUE 4	Leasehold	30+30	36 <sup>(57)</sup>	3 Tuas South Avenue 4 Singapore 637610
8 TUAS SOUTH LANE	Leasehold	30+16	31 <sup>(58)</sup>	8 Tuas South Lane Singapore 637302
120 PIONEER ROAD	Leasehold	30+28	32 <sup>(59)</sup>	120 Pioneer Road Singapore 639597
+ 45 CHANGI SOUTH AVENUE 2	Leasehold	30+30	—	45 Changi South Avenue 2 Singapore 486133
511/513 YISHUN INDUSTRIAL PARK A	Leasehold	29+30/30+30	31/31 <sup>(60)</sup>	511/513 Yishun Industrial Park A Singapore 768768/768736
86/88 INTERNATIONAL ROAD	Leasehold	30+30	32 <sup>(61)</sup>	86/88 International Road Singapore 629176/629177
11 UBI ROAD 1	Leasehold	30+30/21+30	33 <sup>(62)</sup>	11 Ubi Road 1 Singapore 408723
29 TAI SENG STREET	Leasehold	30+30	44 <sup>(63)</sup>	29 Tai Seng Street Singapore 534120
11 LORONG 3 TOA PAYOH	Leasehold	60	6 <sup>(64)</sup>	11 Lorong 3 Toa Payoh Singapore 319579
81 TUAS BAY DRIVE	Leasehold	60	44 <sup>(65)</sup>	81 Tuas Bay Drive Singapore 637308
<b>Total General Industrial Properties</b>				
<b>Total Singapore investment properties</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
		<b>356,565</b>	<i>366,316</i>	<b>14.58</b>	<i>22.94</i>
100	100	<b>18,000</b>	17,600	<b>0.74</b>	1.10
100	100	<b>16,700</b>	17,400	<b>0.68</b>	1.09
100	100	<b>23,500</b>	25,000	<b>0.96</b>	1.56
35	82	<b>13,900</b>	13,700	<b>0.57</b>	0.86
100	100	<b>45,000</b>	43,200	<b>1.84</b>	2.70
100	100	<b>101,100</b>	103,700	<b>4.14</b>	6.49
82	84	<b>33,900</b>	36,500	<b>1.39</b>	2.28
—	68	—	10,975	—	0.69
100	79	<b>25,900</b>	25,900	<b>1.06</b>	1.62
100	100	<b>41,500</b>	40,500	<b>1.70</b>	2.53
100	100	<b>87,900</b>	87,500	<b>3.60</b>	5.48
100	100	<b>37,000</b>	35,500	<b>1.51</b>	2.22
74	75	<b>42,800</b>	48,700	<b>1.75</b>	3.05
100	100	<b>28,500</b>	28,000	<b>1.17</b>	1.76
		<b>872,265</b>	900,491	<b>35.69</b>	56.37
		<b>3,771,966</b>	2,947,591	<b>154.30</b>	184.46

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



# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Australia</b>				
<b>Logistics Properties<sup>(3)</sup></b>				
127 ORCHARD ROAD, CHESTER HILL, NEW SOUTH WALES	Freehold	Freehold	—	127 Orchard Road, Chester Hill, New South Wales, Australia
16 – 28 TRANSPORT DRIVE, SOMERTON, VICTORIA	Freehold	Freehold	—	16 – 28 Transport Drive, Somerton, Victoria, Australia
51 MUSGRAVE ROAD, COOPERS PLAINS, QUEENSLAND	Freehold	Freehold	—	51 Musgrave Road, Coopers Plains, Queensland, Australia
203 VIKING DRIVE, WACOL, QUEENSLAND	Freehold	Freehold	—	203 Viking Drive, Wacol, Queensland, Australia
223 VIKING DRIVE, WACOL, QUEENSLAND	Freehold	Freehold	—	223 Viking Drive, Wacol, Queensland, Australia
76-90 LINK DRIVE, CAMPBELLFIELD, VICTORIA	Freehold	Freehold	—	76-90 Link Drive, Campbellfield, Victoria, Australia
67-93 NATIONAL BOULEVARD, CAMPBELLFIELD, VICTORIA	Freehold	Freehold	—	67-93 National Boulevard, Campbellfield, Victoria, Australia
41-51 MILLS ROAD, BRAESIDE, VICTORIA	Freehold	Freehold	—	41-51 Mills Road, Braeside, Victoria, Australia
151-155 WOODLANDS DRIVE, BRAESIDE, VICTORIA	Freehold	Freehold	—	151-155 Woodlands Drive, Braeside, Victoria, Australia
41-45 HYDRIVE CLOSE, DANDENONG, VICTORIA	Freehold	Freehold	—	41-45 Hydrive Close, Dandenong, Victoria, Australia
16-24 WILLIAM ANGLISS DRIVE, LAVERTON NORTH, VICTORIA	Freehold	Freehold	—	16-24 William Angliss Drive, Laverton, North Victoria, Australia
217-225 BOUNDARY ROAD, LAVERTON NORTH, VICTORIA	Freehold	Freehold	—	217-225 Boundary Road, Laverton North, Victoria, Australia
182-198 MAIDSTONE STREET, ALTONA, VICTORIA	Freehold	Freehold	—	182-198 Maidstone Street, Altona, Victoria, Australia
196 VIKING DRIVE, WACOL, QUEENSLAND	Freehold	Freehold	—	196 Viking Drive, Wacol, Queensland, Australia
11-19 KELLAR STREET, BERRINBA, QUEENSLAND	Freehold	Freehold	—	11-19 Kellar Street, Berrinba, Queensland, Australia
<b>Balance carried forward</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
100	—	71,616	—	2.93	—
100	—	37,168	—	1.52	—
86	—	9,519	—	0.39	—
100	—	32,544	—	1.33	—
100	—	11,513	—	0.47	—
100	—	15,638	—	0.64	—
100	—	40,341	—	1.65	—
97	—	47,819	—	1.96	—
100	—	20,623	—	0.84	—
100	—	15,411	—	0.63	—
100	—	25,836	—	1.06	—
100	—	35,355	—	1.45	—
100	—	55,298	—	2.26	—
100	—	18,901	—	0.77	—
100	—	16,408	—	0.67	—
		<b>453,990</b>	<b>—</b>	<b>18.57</b>	<b>—</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Tenure of land	Term of lease (years)	Remaining term of lease (years)	Location
<b>Australia</b>				
<b>Logistics Properties<sup>(3)</sup> (continued)</b>				
<b>Balance brought forward</b>				
47 LOGISTICS PLACE, LARAPINTA, QUEENSLAND	Freehold	Freehold	—	47 Logistics Place, Larapinta, Queensland, Australia
21 CURLEW STREET (HERON), PORT OF BRISBANE, QUEENSLAND	Leasehold	43	40 <sup>(66)</sup>	21 Curlew Street (Heron), Port of Brisbane, Queensland, Australia
8 CURLEW STREET, PORT OF BRISBANE, QUEENSLAND	Leasehold	46	37 <sup>(67)</sup>	8 Curlew Street, Port of Brisbane, Queensland, Australia
53 PEREGRINE DRIVE, PORT OF BRISBANE, QUEENSLAND	Leasehold	40	37 <sup>(68)</sup>	53 Peregrine Drive, Port of Brisbane, Queensland, Australia
1-5 BISHOP AND 2-6 BISHOP DRIVE, PORT OF BRISBANE, QUEENSLAND	Leasehold	55	37 <sup>(69)</sup>	1-5 Bishop and 2-6 Bishop Drive, Port of Brisbane, Queensland
<b>Total Logistics Properties</b>				
<b>Total Australia investment properties</b>				
<b>Japan</b>				
<b>Logistics Property<sup>(3)</sup></b>				
ESR SAKURA DISTRIBUTION CENTRE	Freehold	Freehold	—	2464-11 and others, Ota, Sakura-shi, Chiba-ken
<b>Total Japan investment property</b>				
<b>Total Group's investment properties</b>				

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

	Occupancy rate		Independent valuation		Percentage of net assets attributable to Unitholders	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 %	2021 %
			453,990	—	18.57	—
100	—	—	17,859	—	0.73	—
100	—	—	56,930	—	2.33	—
100	—	—	36,896	—	1.51	—
100	—	—	24,114	—	0.99	—
100	—	—	72,069	—	2.95	—
			661,858	—	27.08	—
			661,858	—	27.08	—
75	—	—	182,223	—	7.45	—
			182,223	—	7.45	—
			4,616,047	2,947,591	188.83	184.46

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

			Percentage of net assets attributable to Unitholders	
	2022 \$'000	2021 \$'000	2022 %	2021 %
<b>Trust</b>				
Investment properties, at valuation (Note 4)	1,419,465	1,450,991	57.96	90.80
Other assets and liabilities (net)	1,331,618	298,148	54.38	18.66
Net assets of the Trust	2,751,083	1,749,139	112.34	109.46
Perpetual securities holders' funds	(302,128)	(151,115)	(12.34)	(9.46)
Net assets attributable to Unitholders' Funds	2,448,955	1,598,024	100.00	100.00
<b>Group</b>				
Investment properties, at valuation (Note 4)	4,616,047	2,947,591	188.83	184.46
Other assets and liabilities (net)	(1,766,960)	(1,198,508)	(72.29)	(75.00)
Net assets of the Group	2,849,087	1,749,083	116.54	109.46
Perpetual securities holders' funds	(302,128)	(151,115)	(12.36)	(9.46)
Non-controlling interest – perpetual securities holders' funds	(102,306)	—	(4.18)	—
Net assets attributable to Unitholders' Funds	2,444,653	1,597,968	100.00	100.00

	Independent valuation	
	2022 \$'000	2021 \$'000
As disclosed in the Statement of Financial Position:		
<b>Trust</b>		
Investment properties (non-current)	1,570,449	1,585,914
Investment properties held for divestment (current)	8,141	29,264
Less: Right-of-use assets (Note 4)	(159,125)	(164,187)
<b>Total investment properties, at valuation</b>	<b>1,419,465</b>	<b>1,450,991</b>
<b>Group</b>		
Investment properties (non-current)	5,103,400	3,146,010
Investment properties held for divestment (current)	56,595	29,264
Less: Right-of-use assets (Note 4)	(543,948)	(227,683)
<b>Total investment properties, at valuation</b>	<b>4,616,047</b>	<b>2,947,591</b>

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

# INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

## Notes

- 1 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.
  - 2 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.
  - 3 Logistics 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.
  - 4 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.
  - 5 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 August 1996.
  - 6 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.
  - 7 Viva Trust holds the remainder of a 30+30 year lease commencing from 1 February 2008.
  - 8 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 February 1997.
  - 9 ESR-LOGOS REIT holds the remainder of a 99 year lease commencing from 1 January 1958.
  - 10 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 October 1990.
  - 11 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 4 July 2007.
  - 12 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 December 1989.
  - 13 Viva Trust holds the remainder of a 30+30 year lease commencing from 11 September 2007.
  - 14 7000 AMK LLP holds the remainder of a 32+30 year lease commencing from 30 January 1995.
  - 15 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 16 December 2001.
  - 16 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 October 1994.
  - 17 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 February 1973.
  - 18 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 October 1993.
  - 19 ESR-LOGOS REIT holds the remainder of a 30+12 year lease commencing from 1 March 1995.
  - 20 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 December 1990.
  - 21 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 16 December 2011.
  - 22 ESR-LOGOS REIT holds the remainder of a 30+14 year lease commencing from 1 May 2006.
  - 23 Viva Trust holds the remainder of a 30 year lease commencing from 16 October 2013.
  - 24 Viva Trust holds the remainder of a 30 year lease commencing from 16 February 2007.
  - 25 ALOG Trust holds the remainder of a 29 year lease commencing from 19 August 2006.
  - 26 ALOG Trust holds the remainder of a 30+30 year lease commencing from 20 December 2005.
  - 27 ALOG Trust holds the remainder of a 30 year lease commencing from 1 June 2005.
  - 28 ALOG Trust holds the remainder of a 30+30 year lease commencing from 16 August 2005.
  - 29 ALOG Trust holds the remainder of a 30+16 year lease commencing from 1 February 2007.
  - 30 ALOG Trust holds the remainder of a 30 year lease commencing from 1 June 2010.
  - 31 ALOG Trust holds the remainder of a 30 year lease commencing from 1 October 2003.
  - 32 ALOG Trust holds the remainder of a 30 year lease commencing from 16 June 2014.
  - 33 ALOG Trust holds the remainder of a 30 year lease commencing from 1 October 2009.
  - 34 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 16 October 2011.
  - 35 ESR-LOGOS REIT holds the remainder of a 10+22 year lease commencing from 1 June 2007.
  - 36 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 August 1995.
  - 37 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 May 1992.
  - 38 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 December 1991.
  - 39 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 October 1990.
  - 40 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 February 2000.
  - 41 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 April 1994.
  - 42 ESR-LOGOS 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.
  - 43 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 July 1998.
  - 44 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 March 1995.
  - 45 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 16 September 2005.
  - 46 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 June 1996.
  - 47 ESR-LOGOS REIT holds the remainder of a 60 year lease commencing from 4 January 1999.
  - 48 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 February 1993.
  - 49 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 16 March 2005.
  - 50 ESR-LOGOS REIT holds the remainder of a 29.5 year lease commencing from 1 April 2008.
  - 51 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - 52 ESR-LOGOS REIT holds the remainder of a 30+28 year lease commencing from 1 February 2009.
  - 53 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 October 1995.
  - 54 ESR-LOGOS REIT holds the remainder of a 30 year lease commencing from 1 February 2008.
  - 55 ESR-LOGOS REIT holds the remainder of a 28 year lease commencing from 25 March 2007.
  - 56 ESR-LOGOS REIT holds the remainder of a 27 year lease commencing from 30 September 2013.
  - 57 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 1 May 1999.
  - 58 ESR-LOGOS REIT holds the remainder of a 30+16 year lease commencing from 1 April 2008.
  - 59 ESR-LOGOS REIT holds the remainder of a 30+28 year lease commencing from 16 February 1997.
  - 60 ESR-LOGOS 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.
  - 61 ESR-LOGOS REIT holds the remainder of a 30+30 year lease commencing from 16 December 1994.
  - 62 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.
  - 63 Viva Trust holds the remainder of a 30+30 year lease commencing from 1 May 2007.
  - 64 Viva Trust holds the remainder of a 60 year lease commencing from 16 May 1969.
  - 65 Viva Trust holds the remainder of a 60 year lease commencing from 19 July 2006.
  - 66 The Trust Company (Australia) Limited as trustee for Heron (QLD) Trust holds the remainder of a 43 year lease commencing from 21 November 2019.
  - 67 The Trust Company (Australia) Limited as trustee for LP Curlew Asset Trust holds the remainder of a 46 year lease commencing from 1 July 2013.
  - 68 The Trust Company (Australia) Limited as trustee for Peregrine (QLD) Trust holds the remainder of a 40 year lease commencing from 1 July 2019.
  - 69 The Trust Company (Australia) Limited as trustee for LP Bishop Asset Trust holds the remainder of a 55 year lease commencing from 1 November 2004.
- + Property divested during the financial year  
# Property is on 100% basis which includes a 20% non-controlling interest.  
^ Property classified as held for divestment as at reporting date.

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

## INVESTMENT PROPERTIES PORTFOLIO STATEMENTS

As at 31 December 2022

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 six to twenty-five years for single tenancy and from two and half months to fifteen years for multi-tenancy.

An independent valuation exercise was conducted for all the investment properties in December 2022 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Edmund Tie & Company (SEA) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, CBRE Pte. Ltd., Knight Frank Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Cushman & Wakefield VHS Pte Ltd., CBRE Valuations Pty Limited and Colliers International Japan KK. These firms are independent valuers having appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations for these properties were based on the direct comparison method, capitalisation approach, discounted cash flows method and residual value approach in arriving at the open market value as at the reporting date. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yield, terminal yield, discount rate and average growth rate. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

As at 31 December 2022, the valuations adopted for investment properties amounted to \$4.62 billion (2021: \$2.95 billion). The net fair value loss on investment properties recognised in the Statement of Total Return is \$22.5 million (2021: \$40.4 million). An investment property with carrying value of S\$182.2 million (2021: Nil) is pledged as security to secure bank loans (see Note 14).

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Group	
	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>		
Total (loss)/return before income tax for the year	(261,947)	107,761
Adjustments for:		
Unrealised foreign exchange gain	(1,907)	(3,134)
Borrowing costs, net	62,247	43,869
Management fees paid/payable in Units	10,837	6,033
Property Manager's fees paid/payable in Units	3,257	2,872
Share of results of joint venture	(5,343)	(7,701)
Finance costs on lease liabilities for leasehold land	23,743	11,825
Income from investments at FVTPL	(11,129)	(1,536)
Fair value adjustments relating to the Merger	427,055	–
Change in fair value of financial derivatives	(27,570)	(24,925)
Change in fair value of investment properties	22,511	40,381
Change in fair value of right-of-use of leasehold land	(5,593)	(1,588)
Change in fair value of investments at FVTPL	(8,360)	(9,312)
<b>Operating income before working capital changes</b>	<b>227,801</b>	<b>164,545</b>
Changes in working capital:		
Trade and other receivables	(9,464)	(10,735)
Trade and other payables	(23,730)	(342)
<b>Cash generated from operating activities</b>	<b>194,607</b>	<b>153,468</b>
Income tax paid	(974)	(698)
<b>Net cash generated from operating activities</b>	<b>193,633</b>	<b>152,770</b>
<b>Cash flows from investing activities</b>		
Interest received	594	20
Capital expenditure on investment properties	(98,573)	(28,477)
Acquisition of investment at FVTPL	–	(64,979)
Acquisition of an investment property	(167,517)	(124,292)
Deposits received for investment properties held for divestment	581	1,210
Proceeds from disposal of investment properties	110,962	52,760
Dividend received from joint venture	4,824	5,005
Income from investments at FVTPL	11,129	1,536
Return of capital from investment at FVTPL	–	7,882
Acquisition of subsidiaries, net of cash acquired (Note 5)	(106,857)	–
Payment for Merger related transaction costs	(22,165)	–
<b>Net cash used in investing activities</b>	<b>(267,022)</b>	<b>(149,335)</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Group	
	2022 \$'000	2021 \$'000
<b>Cash flows from financing activities</b>		
Proceeds from issuance of new Units	–	149,629
Proceeds from issuance of perpetual securities	150,000	–
Issue costs for perpetual securities paid	(1,508)	–
Equity issue costs paid	(870)	(3,707)
Finance costs paid	(75,622)	(44,279)
Proceeds from borrowings	1,379,479	548,630
Repayment of borrowings	(1,238,139)	(531,985)
Loan from non-controlling interest	1,900	1,200
Distributions paid to Unitholders (Note A)	(86,220)	(96,792)
Distributions paid to perpetual securities holders	(11,036)	(6,900)
Distributions paid to non-controlling interest - perpetual securities holders	(2,727)	–
Distributions paid to non-controlling interest	(1,336)	(2,941)
Payment of interest portion of lease liabilities for leasehold land	(10,376)	(8,097)
Payment of principal portion of lease liabilities for leasehold land	(7,774)	(2,141)
Movement in restricted cash	(2,630)	–
<b>Net cash generated from financing activities</b>	<b>93,141</b>	<b>2,617</b>
Net increase in cash and cash equivalents	19,752	6,052
Cash and cash equivalents at 1 January	24,150	18,101
Effect of exchange rate fluctuations on cash held	(953)	(3)
<b>Cash and cash equivalents at 31 December (Note 11)</b>	<b>42,949</b>	<b>24,150</b>

## Note:

(A) Distributions paid to Unitholders

Distributions during the year ended 31 December 2022 were partially paid by issuing an aggregate of 39.9 million new Units (2021: 43.5 million new Units) amounting to \$16.4 million (2021: \$18.6 million) pursuant to the Distribution Reinvestment Plan.

	Group	
	2022 \$'000	2021 \$'000
<b>Distributions paid to Unitholders</b>	<b>(102,664)</b>	<b>(115,364)</b>
Distributions paid in Units pursuant to Distribution Reinvestment Plan	16,444	18,572
Net distributions paid to Unitholders in cash	<b>(86,220)</b>	<b>(96,792)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL

ESR-LOGOS REIT (formerly known as 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-LOGOS Funds Management (S) Limited (the “Manager”) and Perpetual (Asia) Limited (the “Trustee”), and is governed by the laws of the Republic of Singapore (“Trust Deed”). On 31 March 2006, ESR-LOGOS REIT was declared as an authorised unit trust scheme under the Trustees Act 1967. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

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

On 22 April 2022, the Group completed its merger with ARA LOGOS Logistics Trust (“ALOG”) by way of a trust scheme of arrangement (the “Merger”). ALOG owns a portfolio of 30 properties and holds ALOG Logistics Trust Australia, ALOG (Australia) Pte Ltd and ALOG Singapore One Pte Ltd as subsidiaries. Following the completion of the Merger, ALOG was delisted from the Official List of SGX-ST on 5 May 2022 and became a wholly-owned sub-trust of ESR-LOGOS REIT. ALOG was subsequently renamed as ALOG Trust.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Trust and its subsidiaries.

The principal activity of ESR-LOGOS REIT is to invest in a diversified portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. The principal activities of the subsidiaries and joint venture are set out in Note 5 and Note 6 to the financial statements.

The Trustee, Perpetual (Asia) Limited (the “Viva Trust Trustee”), in its capacity as the trustee of Viva Trust and HSBC Institutional Trust Services (Singapore) Limited (the “ALOG Trust Trustee”), in its capacity as the trustee of ALOG Trust, have entered into several service agreements in relation to the management of ESR-LOGOS REIT, Viva Trust and ALOG Trust and their property operations.

The fee structures for these services are as follows:

### (A) Trustee’s fees

#### The Trust

Pursuant to the Trust Deed, the Trustee’s fees shall not exceed 0.1% per annum of the value of the deposited property of ESR-LOGOS REIT, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee’s fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the Group’s deposited property, excluding the deposited property of ALOG Trust, subject to there being no double counting of fees where the Trustee has already received a fee from a sub-trust in its capacity as the trustee of the relevant sub-trust. In addition, the Trustee charges a sub-trust administration fee of \$50,000 per annum in respect of ALOG Trust.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (A) Trustee's fees (continued)

#### Viva Trust

Pursuant to the trust deed entered into by the Manager and the Viva Trust Trustee, the fees of the Viva Trust Trustee shall not exceed 0.1% per annum of the value of the deposited property of Viva Trust, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the Viva Trust Trustee from time to time. The Viva Trust Trustee's fee is presently charged on a scaled basis of up to 0.015% per annum of the value of the deposited property of the Viva Trust, subject to a minimum fee of \$15,000 per month.

#### ALOG Trust

Pursuant to the trust deed entered into by the Manager and the ALOG Trust Trustee, the fees of the ALOG Trust Trustee shall not exceed 0.1% per annum of the value of the deposited property of ALOG Trust, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the Manager and the ALOG Trust Trustee from time to time. The ALOG Trust Trustee's fee is presently charged at 0.030% per annum of the value of the deposited property of ALOG Trust, subject to a minimum fee of \$15,000 per month.

### (B) Management fees

Under the Trust Deed, the Manager is entitled to receive a base fee and performance fee as follows:

- (a) base fee ("Base Fee") of 0.5% per annum of the value of the deposited property or such higher percentage as may be fixed by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provision of the Trust Deed, subject to there being no double counting of fees where a related party of the Manager has charged an asset management fee to a subsidiary of the Trust; and
- (b) performance fee ("Performance Fee"), computed at 25% of the growth in DPU for such financial year multiplied by the weighted average number of Units in issue for such financial year, provided that the Highest DPU Threshold is achieved.

The DPU growth is measured by the excess of DPU for such financial year to the highest DPU achieved by the Trust in the previous years for which a Performance Fee was payable ("Highest DPU Threshold"). Whenever a Performance Fee is earned, the Highest DPU Threshold will be adjusted to the highest DPU achieved. In order to be eligible for a Performance Fee in future, the Trust would have to outperform the adjusted Highest DPU Threshold.

For the purpose of calculating the Performance Fee, the Highest DPU Threshold is initially set at 6.000 cents, or if the DPU achieved during the Performance Fee Waiver period is higher, then such higher DPU.

Management fees (Base Fee and Performance Fee, including any accrued Performance Fee which have been carried forward from previous financial years but excluding any acquisition fee or disposal fee) to be paid to the Manager in respect of a financial year, whether in cash or in Units or a combination of cash and Units, are capped at an amount equivalent to 0.8% per annum of the value of deposited property as at the end of the financial year (referred to as the "annual fee cap").

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (C) Acquisition and disposal fees

Under the Trust Deed, the Manager is also entitled to receive the following fees:

- (a) An acquisition fee of 1.0% of each of the following as is applicable, subject to there being no double-counting:
- (i) the purchase price, excluding GST, of any real estate acquired, whether directly by ESR-LOGOS REIT or indirectly through a special purpose vehicle;
  - (ii) the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-LOGOS REIT's interest in such real estate) where ESR-LOGOS REIT invests in any class of real estate related assets, including any class of equity, equity-linked securities and/or securities issued in real estate securitisation, of any entity directly or indirectly owning or acquiring such real estate, provided that:
    - ESR-LOGOS REIT shall hold or invest in at least 50% of the equity of such entity; or
    - if ESR-LOGOS REIT holds or invests in 30% or more but less than 50% of the equity of such entity, ESR-LOGOS REIT shall have management control of the underlying real estate and/or such entity;
  - (iii) the value of any shareholder's loan extended by ESR-LOGOS REIT to the entity referred to in paragraph (ii) above, provided that the provision in paragraph (ii) is complied with; and
  - (iv) the value of any investment by ESR-LOGOS REIT in any loan extended to, or in debt securities of, any property corporation or other special purpose vehicle owning or acquiring real estate, (where such investment does not fall within the ambit of paragraph (ii)) made with the prior consent of the Unitholders passed by ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.
- (b) A disposal fee of 0.5% of each of the following as is applicable, subject to there being no double-counting:
- (i) the sale price, excluding GST, of any investment of the type referred to in paragraph (C)(a)(i) above for the acquisition fee;
  - (ii) in relation to an investment of the type referred to in paragraph (C)(a)(ii) above for the acquisition fee, the value of any underlying real estate (pro-rata, if applicable, to the proportion of ESR-LOGOS REIT's interest in such real estate);
  - (iii) the proceeds of sale, repayment or (as the case may be) redemption of an investment in a loan referred to in paragraph (C)(a)(iii) above for the acquisition fee; and
  - (iv) the value of an investment referred to in paragraph (C)(a)(iv) above for the acquisition fee.

The Manager may opt to receive acquisition and disposal fees in the form of cash or Units or a combination of cash and Units as it may determine.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (D) Development management fee

Pursuant to the amended and restated Trust Deed as approved and adopted by the Unitholders at the extraordinary general meeting held on 12 September 2019, the Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-LOGOS REIT, subject to the following:

- (a) when the estimated total project costs are greater than \$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee payable to the Manager, and the Manager may be directed by its independent directors to reduce the development management fee;
- (b) in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the development management fee, the Manager's independent directors shall have the discretion to direct the Manager to reduce the development management fee to such amount which is less than 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-LOGOS REIT; and
- (c) any increase in the percentage of the development management fee or any change in the structure of the development management fee shall be approved by an extraordinary resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

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

The development management fee shall be payable in equal monthly instalments over the construction period of each development project based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs have been finalised.

The Manager may opt to receive the development management fee in the form of cash or a combination of cash and Units as it may determine.

### (E) Fees under the property management agreements for Singapore properties

ESR-LOGOS Property Management (S) Pte. Ltd. (the "Property Manager"), as property manager for all of ESR-LOGOS REIT's Singapore properties including those held through 7000 AMK LLP, Viva Trust and ALOG Trust, is entitled to receive the following fees:

- (a) A property management fee of 2.0% per annum of the gross revenue of the relevant property, other than 2 & 4 Changi Business Park Avenue 1 (Hotel) where property management fee is charged at 1.0% per annum of the gross revenue.
- (b) A lease management fee of 1.0% per annum of the gross revenue of the relevant property, other than 2 & 4 Changi Business Park Avenue 1 (Hotel) where no lease management fee shall be charged.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (E) Fees under the property management agreements for Singapore properties (continued)

- (c) A marketing services commission equivalent to:
- (i) one month's gross rent, inclusive of service charge, for securing a tenancy of three years or less;
  - (ii) two month's gross rent, inclusive of service charge, for securing a tenancy of more than three years;
  - (iii) half month's gross rent, inclusive of service charge, for securing a renewal of tenancy of three years or less; and
  - (iv) one month's gross rent, inclusive of service charge, for securing a renewal of tenancy of more than three years.
- (d) A project management fee in relation to development or redevelopment (if not prohibited by the Property Funds Appendix of the Code on Collective Investment Schemes ("CIS Code") or if otherwise permitted by the Monetary Authority of Singapore ("MAS")), the refurbishment, retrofitting and renovation works on a property, as follows:
- (i) where the construction costs are \$2.0 million or less, a fee of 3.0% of the construction costs;
  - (ii) where the construction costs exceed \$2.0 million but do not exceed \$20.0 million, a fee of 2.0% of the construction costs;
  - (iii) where the construction costs exceed \$20.0 million but do not exceed \$50.0 million, a fee of 1.5% of the construction costs; and
  - (iv) where the construction costs exceed \$50.0 million, a fee to be mutually agreed by the Manager, the Property Manager and the Trustee.
- (e) A property tax services fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property:
- (i) where the proposed annual value is \$1.0 million or less, a fee of 7.5% of the property tax savings;
  - (ii) where the proposed annual value is more than \$1.0 million but does not exceed \$5.0 million, a fee of 5.5% of the property tax savings; and
  - (iii) where the proposed annual value is more than \$5.0 million, a fee of 5.0% of the property tax savings.

The above-mentioned fee is a lump sum fixed fee based on the property tax savings calculated over a 12-month period.

The Property Manager may opt to receive property and lease management fees in the form of cash or Units or a combination of cash and Units as it may determine.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (F) Fees under the property and lease management agreements for the Australia properties

LOGOS REIT Property Management Pty Ltd as the property manager for all of ESR-LOGOS REIT's Australia properties, is entitled to receive the following fees:

- (a) A property and lease management fee of 2.0% per annum of gross revenue of the relevant property.
- (b) A marketing services commission equivalent to:
  - (i) between 10% to 18.75% of the annual gross rent for the first year of the new lease or licence, depending on the duration of the new lease or licence secured and whether a local marketing manager is involved; and
  - (ii) 50% of the commission for a new lease or licence for securing a renewal of lease or licence in a multi-tenanted property.
- (c) A project management fee in relation to development or redevelopment, refurbishment, retrofitting and renovation works on a property of between 1.5% to 3.0% of construction costs, for construction costs of up to A\$50.0 million. For construction costs exceeding A\$50.0 million, the project management fee will be mutually agreed.
- (d) A land tax services fee of between 5.0% to 7.5% of the land tax savings, depending on the quantum of the reduction in annual value of the relevant property.

### (G) Fees under the asset and investment management agreements for the Australia properties

LOGOS REIT Investment Management Pty Ltd as the Australia investment and asset manager for all of ESR-LOGOS REIT's Australia properties is entitled to receive the following fees:

- (a) An investment management fee of:
  - (i) A\$53,500 per annum in respect of investment management services provided to ALOG Logistics Trust Australia ("ALTA", a managed investment trust in Australia); and
  - (ii) A\$29,500 per annum in respect of each of ALTA's sub-trusts in Australia, subject to the customary inflation indexation.
- (b) An asset management fee based on 0.15% per annum of ALTA's consolidated deposited properties, excluding its investments in the property funds. Such asset management fee will reduce the Base Fee payable to the Manager as described in paragraph (B)(a) above such that there is no double counting of asset management fees payable to the Manager and its related party.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 1. GENERAL (continued)

### (H) Fees under the asset and property management agreements for the Japan property

ESR Ltd. as the asset and property manager for ESR Sakura Distribution Centre (the “Japan Property”) is entitled to receive the following fees:

- (a) An asset management fee based on 0.275% per annum of the gross asset value of the Japan Property. Such asset management fee will reduce the Base Fee payable to the Manager as described in paragraph (B)(a) above such that there is no double counting of asset management fees payable to the Manager and its related party.
- (b) A property management fee of JPY300,000 per month where the number of tenant is zero or one and an additional JPY100,000 per month for each additional tenant, capped at JPY500,000 per month.
- (c) A construction management fee based on 3.0% of construction costs where the total construction costs is at least JPY1,000,000, subject to a fee cap of JPY300,000.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements are prepared in accordance with the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Investment Funds” issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

### 2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties (including right-of-use assets and investment properties held for divestment), investments at fair value through profit or loss (“FVTPL”), amount due to non-controlling interest and derivative financial instruments, which are stated at fair value as described in Note 30.

As at 31 December 2022, the current liabilities of the Group and the Trust exceeded their current assets by \$259.5 million and \$201.9 million, respectively. This is primarily due to the classification of medium-term notes of \$50.0 million and term loans of \$180.0 million as current liabilities as they are maturing in 2023. 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. The financial statements have been prepared on the basis that the Group and the Trust will continue to operate as a going concern.

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars (“\$”), which is the Trust’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the financial year, the Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 January 2022.

The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

### 2.5 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but are not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to FRS 1: <i>Non-current liabilities with Covenants</i>	1 January 2024
Amendments to FRS 116: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Manager expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 2.6 Basis of consolidation

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiaries have been aligned with the policies adopted by the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

In the Trust's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

#### Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the Group. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Basis of consolidation (continued)

#### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### Accounting for investments in subsidiaries and joint venture in the Trust's financial statements

Investments in subsidiaries and joint venture are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

### 2.7 Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for its investment in joint venture using the equity method from the date on which it becomes a joint venture.

Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The statement of total return reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in joint venture.

The financial statements of joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of total return.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Foreign currencies

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the Statement of Total Return.

#### Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve ("translation reserve") in the Statements of Movements in Unitholders' Funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the Statement of Total Return as part of the gain or loss on disposal.

### 2.9 Investment properties

Investment properties are properties that are owned by the Group and held to earn rentals or for capital appreciation, or both but not for sale in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are accounted for as non-current assets, except if they meet the conditions to be classified as held for divestment (see Note 2.10 below). They are initially measured at cost, including transaction costs and at valuation thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following manner:

- (i) in such manner and frequency required under the CIS Code issued by MAS; and
- (ii) at least once in each period of 12 months following the acquisition of each investment property

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Investment properties (continued)

Any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Subsequent expenditure relating to investment properties is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly valued on the basis set out above.

#### Investment properties under development

Investment properties under development are measured at fair values if the fair values are considered to be reliably determinable. Investment properties under development for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the properties will be reliably determinable when development is completed, are measured at cost less impairment until the fair value becomes reliably determinable or development is completed, whichever is earlier.

### 2.10 Investment properties held for divestment

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for divestment and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on fair valuation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

### 2.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Leases (continued)

#### Group as a lessee (continued)

##### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at fair value and are derived by discounting future lease payments using the Group's incremental borrowing rate for borrowings of similar amount and tenor. Any increase or decrease in right-of-use assets is credited or charged directly to the statement of total return. Right-of-use assets which meets the definition of an investment property is accounted for in accordance with Note 2.9.

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(a). Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Financial instruments

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of total return. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### Subsequent measurement

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of total return when the assets are derecognised or impaired, and through amortisation process.

##### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the statement of total return.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

##### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of total return.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Financial instruments (continued)

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs.

##### Subsequent measurement

##### Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of total return when the liabilities are derecognised and through the amortisation process.

##### Derivative financial instruments

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the statement of total return.

##### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of total return.

##### Netting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Impairment

#### (a) Financial assets

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (b) Non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of total return.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of total return.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.14 Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at bank, including term deposits and restricted cash.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### 2.16 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs, directly attributable to the issuance, offering and placement of Units are deducted directly against Unitholders' funds.

### 2.17 Perpetual securities

The perpetual securities confer a right to receive distributions at fixed rates that shall be reset on their respective stipulated date, with subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and will be non-cumulative.

The perpetual securities may be redeemed at the option of the Trust in whole, but not in part, on the first reset date or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

Accordingly, the perpetual securities are classified as equity and the expenses relating to their issue are deducted directly against Unitholders' funds.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Revenue recognition

#### (a) Rental income from operating leases

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (b) Interest income

Interest income is accrued using the effective interest method.

### 2.19 Expenses

#### (a) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are the property manager's fees which are based on the applicable rates stipulated in Notes 1E, 1F and 1H.

#### (b) Management fees

Management fees are recognised on an accrual basis based on the applicable rates stipulated in Note 1B.

#### (c) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses are the trustee's fees which are based on the applicable rates stipulated in Note 1A.

#### (d) Borrowing costs

Borrowing costs comprise interest expense on borrowings and amortisation of debt-related transaction costs, which are recognised in the statement of total return using the effective interest method over the period of borrowings.

### 2.20 Taxation

#### (a) Current tax and deferred tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Taxation (continued)

#### (a) Current tax and deferred tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of ESR-LOGOS REIT and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, the Trustee will not be assessed to tax on the taxable income of ESR-LOGOS REIT on certain types of income. Instead, the Trustee and the Manager will deduct income tax (if required) at the prevailing corporate tax rate (currently 17.0%) from the distributions made to Unitholders that are made out of the taxable income of ESR-LOGOS REIT in that financial year, except:

- where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- where the beneficial owners are Qualifying Non-resident Non-individual Unitholders or Qualifying Non-resident Funds, the Trustee and the Manager will deduct Singapore income tax at the reduced tax rate of 10.0% for distributions made on or before 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Taxation (continued)

#### (a) Current tax and deferred tax (continued)

A “Qualifying Unitholder” is a Unitholder who is:

- an individual and who holds the Units either in his sole name or jointly with other individuals;
- a Central Provident Fund (“CPF”) member who uses his CPF funds under the CPF Investment Scheme and where the distributions received are returned to the CPF accounts;
- an individual who uses his Supplementary Retirement Scheme (“SRS”) funds and where the distributions received are returned to the SRS accounts;
- a company which is incorporated and tax resident in Singapore;
- a Singapore branch of companies incorporated outside Singapore;
- a non-corporate constituted or registered in Singapore such as town councils, statutory boards, charities registered under the Charities Act 1994 or established by any written law, co-operative societies registered under the Co-operative Societies Act 1979 or trade unions registered under the Trade Unions Act 1940;
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948; and
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A “Non-resident Non-individual Unitholder” is one, not being an individual, which is not a resident of Singapore for income tax purposes and;

- which does not have a permanent establishment in Singapore; or
- which carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

A “Qualifying Non-resident Fund” is one that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident of Singapore for income tax purpose and;

- which does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- which carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by ESR-LOGOS REIT. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act 1947 and collected from the Trustee. Where the gains are capital gains, they will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without having to deduct tax at source.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Taxation (continued)

#### (b) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.21 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.22 Distribution policy

The Group's distribution policy is to distribute at least 90% of its annual distributable income to Unitholders, comprising income from letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion. Distributions are made on a semi-annual basis at the discretion of the Manager.

### 2.23 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return for the period after tax by the weighted average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return for the period after tax and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

### 2.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by ESR-LOGOS REIT's Chief Operating Decision Makers ("CODM"s) which comprise the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer of the Manager, to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Contingencies

A contingent liability is:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) A present obligation that arises from past events but is not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

### 3.1 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, expenses and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about critical judgements, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- Note 4 – Accounting for the Merger
- Note 24 – Assessment of income tax provision
- Note 30 – Valuation of investment properties
- Note 30 – Valuation of investments at FVTPL

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. INVESTMENT PROPERTIES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Investment properties, at valuation</u>				
At 1 January	<b>2,947,591</b>	2,889,300	<b>1,450,991</b>	1,385,700
Additions through acquisition of subsidiaries (the Merger)	<b>1,595,262</b>	-	-	-
Acquisition of investment property <sup>#</sup>	<b>169,887</b>	124,590	-	124,590
Capital expenditure incurred	<b>108,411</b>	27,007	<b>21,230</b>	5,386
Disposal of investment properties	<b>(109,570)</b>	(52,525)	<b>(57,954)</b>	(52,525)
Change in fair value during the year*	<b>(24,328)</b>	(40,781)	<b>5,198</b>	(12,160)
Effect of movement in exchange rates	<b>(71,206)</b>	-	-	-
At 31 December	<b>4,616,047</b>	2,947,591	<b>1,419,465</b>	1,450,991
Investment properties (non-current)	<b>4,565,780</b>	2,924,700	<b>1,412,400</b>	1,428,100
Investment properties held for divestment (current)	<b>50,267</b>	22,891	<b>7,065</b>	22,891
At 31 December	<b>4,616,047</b>	2,947,591	<b>1,419,465</b>	1,450,991
<u>Right-of-use assets</u>				
At 1 January	<b>227,683</b>	229,758	<b>164,187</b>	165,637
Re-measurement due to change in lease rates	<b>22,903</b>	1,417	<b>2,865</b>	4,859
Recognition due to additions through acquisition of subsidiaries (the Merger)	<b>320,340</b>	-	-	-
Recognition due to acquisition of investment property	-	3,996	-	3,996
De-recognition due to disposal of investment properties	<b>(6,365)</b>	(8,448)	<b>(6,365)</b>	(8,448)
Change in fair value due to accretion of interest	<b>23,743</b>	11,825	<b>8,470</b>	9,043
Change in fair value due to lease payment	<b>(18,150)</b>	(10,237)	<b>(9,488)</b>	(10,235)
Change in fair value due to interest and lease payments borne by tenants**	<b>(801)</b>	(628)	<b>(544)</b>	(665)
Effect of movement in exchange rates	<b>(25,405)</b>	-	-	-
At 31 December	<b>543,948</b>	227,683	<b>159,125</b>	164,187
Right-of-use assets (non-current)	<b>537,620</b>	221,310	<b>158,049</b>	157,814
Right-of-use assets attributable to investment properties held for divestment (current)	<b>6,328</b>	6,373	<b>1,076</b>	6,373
At 31 December	<b>543,948</b>	227,683	<b>159,125</b>	164,187

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 4. INVESTMENT PROPERTIES (continued)

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Investment properties (including right-of-use assets) (non-current)	5,103,400	3,146,010	1,570,449	1,585,914
Investment properties held for divestment (including right-of-use assets) (current)	56,595	29,264	8,141	29,264
At 31 December	5,159,995	3,175,274	1,578,590	1,615,178

- # The acquisition cost of the investment property included acquisition fee of \$1.7 million (2021: \$1.2 million) paid to the Manager (Note 29).
- \* The fair value loss of \$24.3 million (2021: \$40.8 million) together with a credit adjustment for the effect of lease incentives and marketing fee amortisation of \$1.8 million (2021: \$0.4 million), aggregate to \$22.5 million (2021: \$40.4 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 lease payments borne by tenants of \$0.8 million (2021: \$0.6 million) as disclosed in Note 13.

Details of the investment properties are shown in the Investment Properties Portfolio Statements. Except as disclosed in Note 29, investment properties are leased to unrelated third parties under operating leases.

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 December 2022 and 31 December 2021. Investment properties held for divestment are stated at fair value based on recently agreed selling price for the subject property between unrelated third parties in an arm's length transaction. Information on the fair value assessment of investment properties and investment properties held for divestment are disclosed in Note 30.

As at 31 December 2022, \$23.8 million (2021: Nil) of investment properties are under redevelopment.

### Security

As at 31 December 2022, an investment property with carrying value of \$182.2 million (2021: Nil) is pledged as security to secure bank loans (see Note 14).

### Critical judgement – Accounting for the Merger (Note 1)

The Group considered the Merger as an acquisition of a group of assets and liabilities and not a business combination. Accordingly, the acquisition cost of the Merger was allocated to the assets acquired and liabilities assumed and no goodwill or deferred tax was recognised.

An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the assets acquired. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes such as strategic management and operational processes are acquired. The Merger did not include the acquisition of such significant processes.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. INVESTMENTS IN SUBSIDIARIES

	Trust	
	2022 \$'000	2021 \$'000
Unquoted equity investments, at cost	3,028,362	1,148,771
Impairment losses	(923,388)	(387,180)
	<b>2,104,974</b>	761,591

### Impairment losses

During the year, the Trust recognised an impairment loss of \$536.2 million (2021: \$31.3 million) against its investment in subsidiaries. This amount relates predominantly to the write-off of acquisition-related costs and premium over the fair value of net assets of ALOG upon completion of the Merger on 22 April 2022, and the decrease in fair value of investment properties. The impairment loss has no impact on distributable income.

### Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2022 %	2021 %
<b>(I) Direct Subsidiaries</b>				
ESR-LOGOS REIT MTN Pte. Ltd. (formerly known as ESR-MTN Pte. Ltd.)	Provision of financial and treasury services	Singapore	100	100
ESR-LOGOS REIT SPV2 Pte. Ltd. (formerly known as ESR-SPV2 Pte. Ltd.) <sup>(1)</sup>	Investment holding	Singapore	100	100
7000 AMK LLP <sup>(1)</sup>	Property investment	Singapore	80	80
Viva Trust <sup>(1)</sup>	Property investment	Singapore	100	100
ESR-LOGOS REIT AUS (MTN) Pty Ltd <sup>(2), (3)</sup>	Provision of financial and treasury services	Australia	100	100
ALOG Trust <sup>(1)</sup>	Property investment	Singapore	100	–
ESR-LOGOS REIT INV Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	–
ESR-LOGOS REIT INV2 Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. INVESTMENTS IN SUBSIDIARIES (continued)

### Composition of the Group (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2022 %	2021 %
<b>(II) Indirect Subsidiaries</b>				
ALOG (Australia) Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	100	–
ALOG Singapore One Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	100	–
ALOG-OPAT Trust <sup>(2)</sup>	Investment holding	Australia	100	–
ALOG Logistics Trust Australia <sup>(2)</sup>	Investment holding	Australia	100	–
Chester Hill (NSW) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Somerton (VIC) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Coopers Plains (QLD) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Wacol (QLD) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Wacol 2 (QLD) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Kidman Park (SA) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Laverton (VIC) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Altona Trust <sup>(2)</sup>	Property investment	Australia	100	–
ESIP Trust <sup>(2)</sup>	Investment holding	Australia	100	–
LAIP Trust <sup>(2)</sup>	Investment holding	Australia	100	–
Berrinba Trust <sup>(2)</sup>	Property investment	Australia	100	–
Berkeley Trust <sup>(2)</sup>	Property investment	Australia	100	–
Campbellfield Trust <sup>(2)</sup>	Property investment	Australia	100	–
Braeside Trust <sup>(2)</sup>	Property investment	Australia	100	–
Hydrive Trust <sup>(2)</sup>	Property investment	Australia	100	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. INVESTMENTS IN SUBSIDIARIES (continued)

### Composition of the Group (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2022 %	2021 %
<b>(II) Indirect Subsidiaries (continued)</b>				
Link Drive Trust <sup>(2)</sup>	Property investment	Australia	100	–
Wacol Trust <sup>(2)</sup>	Property investment	Australia	100	–
Westlink Trust <sup>(2)</sup>	Property investment	Australia	100	–
Woodlands Trust <sup>(2)</sup>	Property investment	Australia	100	–
LP Bishop Asset Trust <sup>(2)</sup>	Property investment	Australia	100	–
LP Curlew Asset Trust <sup>(2)</sup>	Property investment	Australia	100	–
Peregrine (QLD) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Heron (QLD) Trust <sup>(2)</sup>	Property investment	Australia	100	–
Larapinta Property Asset Trust <sup>(2)</sup>	Property investment	Australia	100	–
ALOG-LAIV Trust <sup>(2)</sup>	Investment holding	Australia	100	–
ESR-LOGOS REIT TMK1 <sup>(3)</sup>	Property investment	Japan	100	–
ESR-LOGOS REIT GK1 <sup>(3)</sup>	Investment holding	Japan	100	–

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Ernst & Young LLP, Singapore for Group consolidation purpose.

(3) Audited by a member firm of EY International.

### Put option for 20% interest in 7000 AMK LLP

As part of the acquisition in 2017, ESR-LOGOS REIT granted a put option to Ho Lee Properties Pte Ltd (“HLP”), the owner of the remaining 20% interest in 7000 AMK LLP, that provides HLP with the right to require ESR-LOGOS REIT to purchase its 20% interest in 7000 AMK LLP at a price of no less than \$60.0 million (the “Put Option”). As the Put Option contains an obligation for ESR-LOGOS REIT to purchase the remaining 20% interest in 7000 AMK LLP, the 20% non-controlling interest in 7000 AMK LLP has been accounted for by the Group as a financial liability (see Note 15). On 14 February 2022, ESR-LOGOS REIT and HLP entered into a Second Supplemental Deed, which among other changes, extended the Put Option until 31 December 2024 or such later date as may be agreed by the parties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 5. INVESTMENTS IN SUBSIDIARIES (continued)

### *Put option for 20% interest in 7000 AMK LLP (continued)*

As at 31 December 2022, the Put Option remains unexercised and HLP's 20% share of the results of 7000 AMK LLP has been allocated to non-controlling interest, which has been accounted for and classified as a current liability. Upon the exercise of the Put Option, the amount recognised as financial liability at that date will be extinguished by the payment made by ESR-LOGOS REIT to HLP.

### *Acquisition of subsidiaries*

#### *Merger with ALOG (Note 1)*

The scheme consideration was settled by way of the issuance of 2,575.8 million new Units at an issue price of \$0.4924 and a cash consideration of \$140.9 million.

The fair value of identifiable assets and liabilities of ALOG as at 22 April 2022 (the Merger date) and the cashflow effect of the Merger were as follow:

	2022 \$'000
Investment properties	1,915,602
Investments at FVTPL	300,467
Trade and other receivables	6,953
Cash and bank balances	34,071
Other assets	9,454
Interest-bearing borrowings	(776,222)
Trade and other payables	(47,560)
Non-controlling interest — perpetual securities	(101,205)
Other liabilities	(320,688)
Fair value of net assets acquired	1,020,872
Premium over the fair value of net assets acquired	388,374
Total consideration paid in cash and Units	1,409,246
Less:	
Cash and bank balances acquired	(34,071)
Consideration paid in Units	(1,268,318)
Net cash outflow on Merger net of cash acquired	106,857

Details of the investment properties are shown in the Investment Properties Portfolio Statements. Investment properties are leased to unrelated third parties under operating leases.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6. INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Unquoted equity investment</u>				
At 1 January	40,714	38,018	40,714	38,018
Reversal of impairment losses	-	-	519	2,696
Share of results	5,343	7,701	-	-
Distribution received	(4,824)	(5,005)	-	-
At 31 December	41,233	40,714	41,233	40,714

As at reporting date, a reversal of impairment losses of \$519,000 (2021: \$2,696,000) was made due to accretion in the fair value of the Trust's share of net assets of PTC Logistics Hub LLP ("PTC LLP"). The change in the Trust's share of net assets of PTC LLP relates predominantly to the movement in current assets and fair value of an investment property held by PTC LLP. The reversal of impairment loss has no impact on distributable income.

Summarised financial information of the joint venture, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

### Summarised statement of financial position of PTC LLP:

	Group	
	2022 \$'000	2021 \$'000
Current assets, including cash and bank balances of \$4,964,675 (2021: \$3,480,387)	5,000	4,637
Non-current assets, including investment property of \$228,000,000 (2021: \$227,700,000)	242,578	242,197
Current liabilities, including short-term borrowings of Nil (2021: \$145,986,990)	(4,052)	(149,591)
Non-current liabilities, including long-term borrowings of \$145,175,071 (2021: Nil)	(159,377)	(14,152)
<b>Net assets</b>	<b>84,149</b>	<b>83,091</b>
Proportion of the Group's ownership	49%	49%
Group's share in net assets	41,233	40,714
<b>Carrying amount of the Group's investment</b>	<b>41,233</b>	<b>40,714</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 6. INVESTMENT IN JOINT VENTURE (continued)

### Summarised statement of comprehensive income of PTC LLP:

	Group	
	2022 \$'000	2021 \$'000
Revenue	17,517	17,494
Property expenses	(322)	(317)
Other operating expenses	(123)	(23)
Change in fair value of investment property	(217)	2,849
Change in fair value of right-of-use of leasehold land	(350)	(326)
Change in fair value of financial derivatives	839	1,905
Net finance costs	(6,440)	(5,865)
<b>Profit for the year, representing total comprehensive income for the year</b>	<b>10,904</b>	15,717
Proportion of the Group's ownership	49%	49%
Group's share of profit for the year	5,343	7,701

The joint venture has no other contingent liabilities or commitments as at 31 December 2022 and 2021. PTC LLP cannot distribute its taxable profits without the consent from the joint venture partners.

## 7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Unquoted equity investments, at fair value</u>				
At 1 January	66,542	-	66,542	-
Additions through acquisition of subsidiaries (the Merger)	300,467	-	-	-
(Reversal)/recognition of acquisition costs	(7)	65,112	(7)	65,112
Change in fair values during the year	8,360	9,312	10,785	9,312
Return of capital	-	(7,882)	-	(7,882)
Effect of movement in exchange rate	(32,697)	-	-	-
At 31 December	<b>342,665</b>	66,542	<b>77,320</b>	66,542

On 14 May 2021, ESR-LOGOS REIT acquired a 10.0% interest in ESR Australia Logistics Partnership ("EALP"). EALP is a private fund managed by ESR Asset Management (Australia) Pty Ltd, an indirect subsidiary of ESR Group Limited. As at 31 December 2022, EALP owns 34 income-producing properties and three properties which are currently under development. Collectively, the 37 prime logistics assets (2021: 36) are located in core industrial markets of New South Wales, Victoria, Queensland and South Australia.

On 22 April 2022, ESR-LOGOS REIT acquired a 49.5% interest in New LAIVS Trust and a 40.0% interest in Oxford Property Fund through the merger with ALOG Trust. As at 31 December 2022, New LAIVS Trust owns four income-producing logistics properties located in New South Wales and Victoria, while Oxford Property Fund owns one income-producing logistics property in Victoria.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group has determined that it neither has significant influence in nor control over the property funds as it does not have the ability to direct the relevant activities nor participate in the property funds' financial and operating policy decisions. These investments are classified as financial assets measured at fair value through profit or loss.

## 8. LOANS TO SUBSIDIARIES (TRUST)

The loans to subsidiaries comprise a mix of interest bearing and interest free loans, which are unsecured.

The interest bearing loans bear interest at rates based on ESR-LOGOS REIT's prevailing cost of debt. Interest is payable in arrears on a quarterly basis.

The loans to subsidiaries are repayable at dates mutually agreed by the parties, which are not likely to occur within the next 12 months from the reporting date.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
<b>Group</b>				
Interest rate swaps				
Current	4,316	-	-	(3,707)
Non-current	19,617	(1,907)	-	(9,946)
Forward foreign currency exchange contracts				
Current	69	-	-	-
	<b>24,002</b>	<b>(1,907)</b>	-	(13,653)
<b>Trust</b>				
Interest rate swaps				
Current	4,316	-	-	(3,707)
Non-current	10,419	(1,907)	-	(9,946)
Forward foreign currency exchange contracts				
Current	69	-	-	-
	<b>14,804</b>	<b>(1,907)</b>	-	(13,653)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate borrowings by swapping the interest rates on such borrowings from floating rates to fixed rates.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 December 2022, the Group has entered into interest rate swap contracts with a total notional amount of \$1,299.5 million (2021: \$930.0 million) to fix the base interest rates for a weighted average tenor of approximately 2.1 years (2021: 2.0 years), of which \$75.0 million (2021: Nil) relates to forward start interest rate swap which will be effective in 2023. Under these interest rate swap contracts, the Group pays interest at a weighted average fixed interest rate of 2.1% (2021: 1.9%) per annum and receives interest based on SORA, SOR, TIBOR or BBSY Bid.

The Group has also entered into forward foreign currency exchange contracts to manage its foreign currency risk. At 31 December 2022, the total notional amount of the Group's outstanding forward foreign currency exchange contracts was A\$18.0 million (2021: Nil).

The Group's derivative financial instruments are not designated as hedging instruments.

## 10. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	4,075	2,166	738	1,274
Deposits	5,075	4,352	1,809	1,524
Other receivables				
– Subsidiaries	–	–	45,182	25,649
– Joint venture	837	–	837	–
– Unrelated third parties	10,726	11,937	3,493	379
	11,563	11,937	49,512	26,028
<b>Financial assets carried at amortised cost</b>	<b>20,713</b>	18,455	<b>52,059</b>	28,826
Capitalised costs	279	4,473	–	4,473
Prepayments	2,600	157	118	122
GST receivable	17,092	–	–	–
<b>Total trade and other receivables</b>	<b>40,684</b>	23,085	<b>52,177</b>	33,421

Trade receivables are non-interest bearing and are generally on 14 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables are non-trade related, non-interest bearing and repayable on demand.

The Group's primary exposure to credit risk arises from its trade and other receivables. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Concentration of credit risk relating to trade receivables is limited due to the Group's large number and diverse range of tenants. The maximum exposure to credit risk for trade and other receivables is represented by the carrying amount at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 10. TRADE AND OTHER RECEIVABLES (continued)

### Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross receivables 2022 \$'000	Impairment losses 2022 \$'000	Gross receivables 2021 \$'000	Impairment losses 2021 \$'000
<b>Group</b>				
Past due 0–30 days	2,969	–	568	–
Past due 31–120 days	647	–	680	–
More than 120 days past due	459	–	918	–
	<b>4,075</b>	<b>–</b>	<b>2,166</b>	<b>–</b>
<b>Trust</b>				
Past due 0–30 days	283	–	311	–
Past due 31–120 days	224	–	593	–
More than 120 days past due	231	–	370	–
	<b>738</b>	<b>–</b>	<b>1,274</b>	<b>–</b>

Trade receivables are individually assessed for impairment on an ongoing basis.

The Manager believes that no impairment is necessary in respect of the trade receivables as these receivables are mainly due from tenants that have good payment records and/or have sufficient securities in the form of bankers' guarantees, insurance bonds or cash security deposits as collaterals.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 31.

## 11. CASH AND BANK BALANCES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash and bank balances in the statement of financial position	45,579	24,150	9,539	14,164
Less: Restricted cash	(2,630)	–		
Cash and cash equivalents in the statement of cash flows	<b>42,949</b>	24,150		

The restricted cash pertains to cash reserves for the Japan Property which is required to be maintained based on agreements with the banks. The restricted cash comprises mainly reserves for interest expense, capital expenditure and property expenses to ensure availability of cash when incurred/due for payment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current liabilities</b>				
Trade payables and accrued operating expenses	35,050	30,295	12,429	15,954
Amounts due to related parties (trade):				
– the Manager	5,171	2,792	5,171	2,792
– the Property Manager	2,706	1,308	1,954	1,003
– the Trustee	74	240	29	195
– other related parties	441	–	–	–
Amount due to joint venture	–	558	–	558
Interest and loan commitment fee payable	6,927	6,096	6,292	6,096
Deposits received for investment properties held for divestment	581	1,210	356	1,210
Security deposits	20,688	13,504	13,518	9,400
Rent received in advance	2,610	645	485	223
Retention sums	4,292	1,507	971	559
Other payables	7,637	955	673	364
Reinstatement sums	5,383	5,099	918	891
Rental rebates payable	–	99	–	–
	<b>91,560</b>	<b>64,308</b>	<b>42,796</b>	<b>39,245</b>
<b>Non-current liability</b>				
Security deposits	20,530	20,283	5,537	9,467
<b>Total trade and other payables</b>	<b>112,090</b>	<b>84,591</b>	<b>48,333</b>	<b>48,712</b>
Less: Rent received in advance	(2,610)	(645)	(485)	(223)
Less: GST payables	(5,433)	(5,366)	(2,929)	(4,304)
Less: Deposit received for investment properties held for divestment	(581)	(1,210)	(356)	(1,210)
<b>Financial liabilities at amortised cost</b>	<b>103,466</b>	<b>77,370</b>	<b>44,563</b>	<b>42,975</b>

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand. Transactions with related parties are priced on terms agreed between the parties.

Retention sums relate to monies withheld for certain investment properties acquired in the current and prior years or as security against defective works for properties undergoing asset enhancement initiatives.

Reinstatement sums relate to monies received from outgoing tenants in respect of their contractual obligations to reinstate their leased premises.

The Group and the Trust's exposure to liquidity risk related to trade and other payables are disclosed in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13. LEASES

### As a lessee

The Group is required to pay land rent, whether annually or on an upfront land premium basis to JTC Corporation, CapitaLand Singapore BP&C Pte Ltd and Port of Brisbane Pty Ltd for properties in its portfolio. The annual land rent payable is based on market land rent for the relevant year of the lease term or on the contractual agreement for such leases.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Lease liabilities for leasehold land		Trust	
	Group			
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 January	<b>227,683</b>	229,758	<b>164,187</b>	165,637
Re-measurement due to change in lease rates	<b>22,903</b>	1,417	<b>2,865</b>	4,859
Recognition due to additions through acquisition of subsidiaries (the Merger)	<b>320,340</b>	–	–	–
Recognition due to acquisition of investment property	–	3,996	–	3,996
De-recognition due to disposal of investment properties	<b>(6,365)</b>	(8,448)	<b>(6,365)</b>	(8,448)
Accretion of interest	<b>23,743</b>	11,825	<b>8,470</b>	9,043
Payments	<b>(18,150)</b>	(10,237)	<b>(9,488)</b>	(10,235)
Effect of interest and payments borne by tenants	<b>(801)</b>	(628)	<b>(544)</b>	(665)
Effect of movement in exchange rates	<b>(25,405)</b>	–	–	–
At 31 December	<b>543,948</b>	227,683	<b>159,125</b>	164,187
Current	<b>22,508</b>	9,090	<b>3,971</b>	9,090
Non-current	<b>521,440</b>	218,593	<b>155,154</b>	155,097
At 31 December	<b>543,948</b>	227,683	<b>159,125</b>	164,187

The current lease liabilities are inclusive of liabilities directly attributable to investment properties held for divestment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 13. LEASES (continued)

### As a lessee (continued)

The following are the amounts recognised in the Statement of Total Return:

	Group	
	2022 \$'000	2021 \$'000
Change in fair value of right-of-use of leasehold land	5,593	1,588
Finance costs on lease liabilities for leasehold land	(23,743)	(11,825)
Net amount recognised in Statement of Total Return	<b>(18,150)</b>	(10,237)

### As a lessor

The Group's investment properties are leased to tenants under operating leases. The remaining lease terms of the leases range from less than one year to 19 years. Certain leases include a fixed annual rental escalation clause to enable upward revision of the rental charge on an annual basis. Rental income recognised by the Group during the year is \$317,584,000 (2021: \$221,938,000) (Note 19).

Future minimum rental receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Receivable:				
– Within 1 year	341,547	229,620	85,015	92,138
– After 1 year but within 5 years	589,015	344,177	99,265	113,789
– After 5 years	346,736	87,094	59,382	59,930
	<b>1,277,298</b>	660,891	<b>243,662</b>	265,857

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Current liabilities</b>				
Unsecured SGD loans	180,000	210,000	180,000	210,000
Unsecured SGD fixed rate notes	50,000	–	50,000	–
Unamortised loan transaction costs	(651)	(561)	(651)	(561)
	<b>229,349</b>	209,439	<b>229,349</b>	209,439
<b>Non-current liabilities</b>				
Unsecured SGD loans	1,169,000	755,000	1,169,000	755,000
Unsecured Australian dollar (“AUD”) loans	372,131	59,507	54,845	59,507
Secured Japanese Yen (“JPY”) loans	124,326	–	–	–
Unsecured JPY loans	72,562	–	72,562	–
Unsecured SGD fixed rate notes	125,000	175,000	125,000	175,000
Unamortised loan transaction costs	(16,312)	(8,094)	(11,020)	(8,094)
	<b>1,846,707</b>	981,413	<b>1,410,387</b>	981,413
<b>Total interest-bearing borrowings</b>	<b>2,076,056</b>	1,190,852	<b>1,639,736</b>	1,190,852

The weighted average all in cost of debt as at 31 December 2022 was 3.7% per annum (2021: 3.3% per annum).

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	←----- 2022 -----→		←----- 2021 -----→	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Group</b>						
<b>Secured</b>						
JPY term loan facilities	TIBOR <sup>^</sup> + margin	2026	17,016	16,781	–	–
JPY term loan facilities	0.71375%	2026	107,310	106,076	–	–
<b>Unsecured</b>						
SGD term loan facilities	SOR*/SORA** + margin	2023 to 2027	1,175,000	1,167,189	960,000	954,605
AUD term loan facilities	BBSY Bid <sup>#</sup> + margin	2027	372,131	368,085	59,507	58,650
JPY term loan facilities	TIBOR <sup>^</sup> + margin	2026	72,562	71,885	–	–
SGD revolving credit facilities	SOR*/SORA** + margin	2024 to 2027	174,000	171,596	5,000	3,345
SGD medium term notes	2.60% to 3.95%	2023 and 2026	175,000	174,444	175,000	174,252
			<b>2,093,019</b>	<b>2,076,056</b>	1,199,507	1,190,852

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS (continued)

### Terms and debt repayment schedule (continued)

Terms and conditions of outstanding loans and borrowings are as follows (continued):

	Nominal interest rate %	Year of maturity	←----- 2022 -----→		←----- 2021 -----→	
			Face value \$'000	Gross carrying amount \$'000	Face value \$'000	Gross carrying amount \$'000
<b>Trust</b>						
<b>Unsecured</b>						
SGD term loan facilities	SOR*/SORA** + margin	2023 to 2027	1,175,000	1,167,189	960,000	954,605
AUD term loan facilities	BBSY Bid <sup>#</sup> + margin	2027	54,845	54,229	59,507	58,650
JPY term loan facilities	TIBOR <sup>^</sup> + margin	2026	72,562	71,885	-	-
SGD revolving credit facilities	SOR*/SORA** + margin	2024 to 2027	174,000	171,989	5,000	3,345
SGD medium term notes	2.60% to 3.95%	2023 and 2026	175,000	174,444	175,000	174,252
			<b>1,651,407</b>	<b>1,639,736</b>	1,199,507	1,190,852

<sup>^</sup> Tokyo Interbank Offered Rate  
<sup>\*</sup> Swap Offer Rate  
<sup>\*\*</sup> Singapore Overnight Rate Average  
<sup>#</sup> Bank Bill Swap Bid Rate

The nominal interest rate for the floating rate loans drawn in SGD is determined by an interest margin plus SOR/SORA, floating rate loans drawn in AUD is determined by an interest margin plus BBSY Bid and floating rate loans drawn in JPY is determined by an interest margin plus TIBOR.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS (continued)

As at the reporting date, the Group has in place the following borrowings:

### (A) Term loans and revolving credit facilities

- (i) unsecured loan facility of \$150 million from CIMB Bank Berhad, Singapore Branch consisting of:
  - Facility A: \$100 million term loan facility maturing in May 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility at an interest margin plus SOR, which has been fully repaid and cancelled during the year.
- (ii) unsecured loan facility of \$500 million from a syndicate of four banks comprising United Overseas Bank Limited ("UOB"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Malayan Banking Berhad, Singapore Branch ("Maybank") and RHB Bank Berhad ("RHB") consisting of:
  - Facility A: \$160 million term loan facility at an interest margin plus SOR, which has been fully repaid and cancelled in 2021;
  - Facility B: \$180 million term loan facility at an interest margin plus SOR, which has been fully repaid and cancelled during the year; and
  - Facility C: \$160 million term loan facility maturing in October 2023 at an interest margin plus SOR, of which \$80 million has been repaid and cancelled during the year. The remaining balance of \$80 million has been fully repaid and cancelled subsequent to the reporting date.
- (iii) unsecured term loan facility of \$100 million from BNP Paribas, Singapore Branch maturing in October 2023 at an interest margin plus SOR, which has been fully repaid and cancelled subsequent to the reporting date.
- (iv) unsecured club loan facility of \$200 million from MUFG Bank, Ltd. ("MUFG") and Sumitomo Mitsui Banking Corporation, Singapore Branch ("SMBC Singapore") consisting of:
  - Facility A: \$150 million term loan facility maturing in February 2024 at an interest margin plus SOR; and
  - Facility B: \$50 million revolving credit facility maturing in February 2024 at an interest margin plus SOR.
- (v) unsecured club loan facility of \$320 million from UOB, Maybank, RHB and HSBC consisting of:
  - Facility A: \$160 million term loan facility maturing in March 2026 at an interest margin plus SOR; and
  - Facility B: \$160 million revolving credit facility maturing in March 2025 at an interest margin plus SOR.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS (continued)

### Terms and debt repayment schedule (continued)

#### (A) Term loans and revolving credit facilities (continued)

- (vi) unsecured 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.
- (vii) unsecured loan and bank guarantee facility of A\$25 million from Australia and New Zealand Banking Group Limited ("ANZ") maturing in April 2027 at an interest margin plus BBSY Bid.
- (viii) unsecured loan facility of \$835 million and A\$365 million from a syndicate of six banks comprising DBS Bank Ltd. and its Australia Branch, Maybank, SMBC Singapore, HSBC, Oversea-Chinese Banking Corporation Limited and ANZ consisting of:
- Facility A: \$185 million term loan facility maturing in April 2025 at an interest margin plus SORA;
  - Facility B: \$200 million term loan facility maturing in April 2026 at an interest margin plus SORA;
  - Facility C: \$200 million term loan facility maturing in April 2027 at an interest margin plus SORA;
  - Facility D: \$250 million revolving credit facility maturing in April 2024 at an interest margin plus SORA;
  - Facility E: A\$350 million term loan facility maturing in April 2027 at an interest margin plus BBSY Bid; and
  - Facility F: A\$15 million revolving credit facility maturing in April 2027 at an interest margin plus BBSY Bid.
- (ix) unsecured club loan facility of JPY7.1 billion from MUFG and SMBC Singapore maturing in October 2026 at an interest margin plus TIBOR.
- (x) secured club loan facility of JPY12.2 billion from MUFG and Sumitomo Mitsui Banking Corporation consisting of:
- Term loan facility of JPY9.5 billion maturing in October 2026 at a fixed interest rate;
  - Consumption tax bridging loan facility of JPY1.7 billion maturing in October 2026 at an interest margin plus TIBOR; and
  - Specified bond of JPY1.0 billion maturing in October 2026 at a fixed interest rate.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS (continued)

### Terms and debt repayment schedule (continued)

#### (A) Term loans and revolving credit facilities (continued)

- (x) secured club loan facility of JPY12.2 billion from MUFG and Sumitomo Mitsui Banking Corporation consisting of (continued):

The secured loan facility of JPY12.2 billion is secured on the following:

- Investment property with carrying amount of \$182.2 million (2021: Nil);
- A pledge over the trust beneficial interest in the above investment property;
- A conditional pledge over the insurance claims relating to the above investment property; and
- A pledge over the specified shares of certain subsidiaries.

As at 31 December 2022, the total amounts outstanding under the term loan and revolving credit facilities were \$1,744.0 million (2021: \$1,019.5 million) and \$174.0 million (2021: \$5.0 million), respectively.

#### (B) Unsecured Medium Term Notes

On 2 February 2012, ESR-LOGOS REIT, through its wholly owned subsidiary, ESR-LOGOS REIT MTN Pte. Ltd. (the "Issuer"), established a \$500 million multi-currency medium term note programme (the "MTN Programme"). The MTN Programme was modified and renamed as \$750 million multi-currency debt issuance programme (the "Debt Issuance Programme") in March 2016 to allow the issue of medium term notes (the "Notes") and/or perpetual securities (the "Perps") by either the Trust or the Issuer.

Under the Debt Issuance Programme, the Trust and/or the Issuer may, subject to compliance with all relevant laws, regulations, and directives, from time to time issue the Notes/Perps denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Notes/Perps are unconditionally and irrevocably guaranteed by Perpetual (Asia) Limited (in its capacity as trustee of ESR-LOGOS REIT) (the "Guarantor").

The Notes/Perps may be issued in series having one or more issue dates and the same maturity date, and on identical terms.

As at the reporting date, the Group has the following Notes under its Debt Issuance Programme:

- \$50 million 7-year fixed rate notes (the "Series 005 Notes") issued in May 2016, bearing a fixed interest rate of 3.95% per annum payable semi-annually in arrears which will mature in May 2023; and
- \$125 million 5-year fixed rate notes (the "Series 007 Notes") issued in August 2021, bearing a fixed interest rate of 2.60% per annum payable semi-annually in arrears which will mature in August 2026.

The Series 005 Notes and Series 007 Notes were issued directly by the Trust.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 14. INTEREST-BEARING BORROWINGS (continued)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	2021 \$'000	Merger \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	Effect of changes in foreign exchange rates \$'000	2022 \$'000
Bank loans	1,016,600	776,222	126,929	5,657	(23,796)	<b>1,901,612</b>
Fixed rate notes	174,252	-	-	192	-	<b>174,444</b>
	<b>1,190,852</b>	<b>776,222</b>	<b>126,929</b>	<b>5,849</b>	<b>(23,796)</b>	<b>2,076,056</b>

	2020 \$'000	Merger \$'000	Cash flows* \$'000	Amortisation of loan transaction costs \$'000	Effect of changes in foreign exchange rates \$'000	2021 \$'000
Bank loans	1,128,713	-	(113,011)	4,035	(3,137)	1,016,600
Fixed rate notes	49,901	-	124,247	104	-	174,252
	<b>1,178,614</b>	<b>-</b>	<b>11,236</b>	<b>4,139</b>	<b>(3,137)</b>	<b>1,190,852</b>

\* The cash flows included an upfront loan transaction cost of \$14.4 million (2021: \$5.4 million) relating to new loan facilities.

## 15. AMOUNT DUE TO NON-CONTROLLING INTEREST

This relates to the 20% non-controlling interest in 7000 AMK LLP, which has been accounted for and classified as a current liability due to the Put Option granted by ESR-LOGOS REIT to HLP. As disclosed in Note 5, the Put Option provides HLP with the right to require ESR-LOGOS REIT to purchase its 20% interest in 7000 AMK LLP.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 16. PERPETUAL SECURITIES

In November 2017, ESR-LOGOS REIT issued \$150.0 million of perpetual securities (the "Series 006 Perps"). The key terms and conditions are as follows:

- the Series 006 Perps confer a right to receive distribution at a rate of 4.6% per annum, with the first distribution rate reset falling on 3 November 2022 and subsequent resets occurring every 5 years thereafter. The distribution rate applicable to the Series 006 Perps in respect of the period from (and including) the first reset date (being 3 November 2022) to (but excluding) the next reset date (being a date falling 5 calendar years after the first reset date) was reset at 6.632% per annum;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative;
- the Series 006 Perps constitute direct, unsecured and subordinated obligations of ESR-LOGOS REIT and rank pari passu and without any preference among themselves and with any Parity Obligations (as defined in the conditions of the issuance) of the Trust; and
- the Series 006 Perps may be redeemed at the option of ESR-LOGOS REIT in whole, but not in part, on any distribution payment date and otherwise upon the occurrence of certain redemption events specified in the conditions of the issuance.

In June 2022, ESR-LOGOS REIT issued a separate \$150.0 million of perpetual securities (the "Series 008 Perps"). The key terms and conditions are as follows:

- the Series 008 Perps confer a right to receive distribution at a rate of 5.5% per annum, with the first distribution rate reset falling on 9 June 2027 and subsequent resets occurring every 5 years thereafter;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative;
- the Series 008 Perps constitute direct, unsecured and subordinated obligations of ESR-LOGOS REIT and rank pari passu and without any preference among themselves and with any Parity Obligations (as defined in the conditions of the issuance) of the Trust; and
- the Series 008 Perps may be redeemed at the option of ESR-LOGOS REIT in whole, but not in part, on 9 June 2027 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 Perps and Series 008 Perps are classified as equity instruments and recorded as equity in the Statement of Financial Position. The \$302.1 million (2021: \$151.1 million) presented in the Statement of Financial Position represents the carrying value of the \$300.0 million (2021: \$150.0 million) perpetual securities issued and includes the total return attributable to the perpetual securities holders from the last distribution date. The issue costs were deducted from the Unitholders' funds.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 17. NON-CONTROLLING INTEREST — PERPETUAL SECURITIES

In February 2018, ALOG Trust issued \$100.0 million of perpetual securities (the “ALOG Perps”) under a \$1.0 billion Multicurrency Debt Issuance Programme (the “ALOG Debt Issuance Programme”) established by ALOG Trust. The key terms and conditions are as follows:

- the ALOG Perps confer a right to receive distribution at a rate of 5.5% per annum, with the first distribution rate reset falling on 1 February 2023 and subsequent resets occurring every 5 years thereafter;
- distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the ALOG Perps constitute direct, unsecured and subordinated obligations of ALOG Trust and rank pari passu and without any preference among themselves and with any Parity Obligations (as defined in the terms and conditions of the ALOG Debt Issuance Programme).

The ALOG Perps may be redeemed at the option of ALOG Trust and are classified as non-controlling interest in ESR-LOGOS REIT’s consolidated statement of financial position.

On 30 December 2022, ALOG Trust has elected to redeem the \$100.0 million ALOG Perps on the first call date on 1 February 2023 (see Note 35).

## 18. UNITS IN ISSUE

	Group and Trust	
	2022 Number of units '000	2021 Number of units '000
Units in issue:		
At 1 January	4,030,257	3,576,362
Issue of new Units:		
– Management fees paid in Units	29,932	17,475
– Distribution Reinvestment Plan	39,907	43,530
– Private placement	–	268,818
– Preferential offering	–	124,072
– Partial consideration paid in Units pursuant to the Merger	2,575,788	–
– Acquisition fees paid in Units	43,304	–
Total issued Units at 31 December	<b>6,719,188</b>	4,030,257

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18. UNITS IN ISSUE (continued)

During the financial year ended 31 December 2022, the Trust issued the following new Units:

- (i) 29.9 million new Units amounting to approximately \$12.2 million at issue prices ranging from \$0.3706 to \$0.4790 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager;
- (ii) 39.9 million new Units amounting to approximately \$16.4 million at issue prices ranging from \$0.4024 to \$0.4221 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash;
- (iii) 2,575.8 million new Units amounting to approximately \$1,268.3 million at an issue price of \$0.4924 per Unit as partial consideration paid in Units pursuant to the Merger with ALOG Trust in April 2022;
- (iv) 38.3 million new Units amounting to approximately \$16.0 million at an issue price of \$0.4170 per Unit as payment for acquisition fees in relation to the Merger with ALOG Trust; and
- (v) 5.0 million new Units amounting to approximately \$1.7 million at an issue price of \$0.3357 per Unit as payment for acquisition fees in relation to the acquisition of ESR Sakura Distribution Centre.

During the financial year ended 31 December 2021, the Trust issued the following new Units:

- (i) 17.5 million new Units amounting to approximately \$7.4 million at issue prices ranging from \$0.3875 to \$0.4750 per Unit as partial payment for base management fees to the Manager and property management fees to the Property Manager;
- (ii) 43.5 million new Units amounting to approximately \$18.6 million at issue prices ranging from \$0.3915 to \$0.4695 per Unit in lieu of distribution payments pursuant to the Distribution Reinvestment Plan, whereby the Unitholders have the option to receive their distribution payment in Units instead of cash or a combination of Units and cash;
- (iii) 268.8 million new Units amounting to approximately \$100.0 million at an issue price of \$0.3720 per Unit pursuant to a private placement in May 2021; and
- (iv) 124.1 million new Units amounting to approximately \$49.6 million at an issue price of \$0.4000 per Unit pursuant to a preferential offering in August 2021.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 18. UNITS IN ISSUE (continued)

### *Unitholders' rights*

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or any estate or interest in any asset (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The limitations on a Unitholder's rights include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem its Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of the Trust exceed its assets.

## 19. GROSS REVENUE

	Group	
	2022 \$'000	2021 \$'000
Property rental income	317,584	221,938
Other income	25,575	18,383
Reversal of rental rebates <sup>1</sup>	73	965
	<b>343,232</b>	241,286

<sup>1</sup> Rental rebates were provided to eligible tenants as part of the Group's measures to support tenants adversely affected by the COVID-19 outbreak, and under the Rental Relief Framework (2020) and Rental Waiver Framework (2021) pursuant to the COVID-19 (Temporary Measures) Act 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 20. PROPERTY EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Property Manager's fees paid and payable in:		
– cash	12,242	7,933
– Units <sup>1</sup>	3,257	2,872
	<b>15,499</b>	10,805
Property tax	28,393	20,101
Repair and maintenance expenses	21,463	18,877
Other property operating expenses	33,634	18,242
	<b>98,989</b>	68,025

1 Includes approximately \$0.9 million (2021: \$0.7 million) paid to the Property Manager subsequent to the reporting date by way of an issuance of 2.3 million (2021: 1.5 million) new Units to the Property Manager at an issue price of \$0.3792 (2021: \$0.4790) per Unit for financial year ended 31 December 2022.

## 21. MANAGEMENT FEES

	Group	
	2022 \$'000	2021 \$'000
Base fees paid and payable in:		
– cash	10,274	8,807
– Units <sup>1</sup>	10,837	6,033
Performance fees <sup>2</sup>	90	–
	<b>21,201</b>	14,840

1 Includes approximately \$3.3 million (2021: \$1.6 million) paid to the Manager subsequent to the reporting date by way of an issuance of 8.7 million (2021: 3.2 million) new Units to the Manager at an issue price of \$0.3792 (2021: \$0.4790) per Unit.

2 Paid to the former manager of ALOG Trust.

There was no Performance Fee payable for the financial year as the Trust did not outperform the initial Highest DPU Threshold of 6.000 cents for the financial year ended 31 December 2022. Please refer to Note 1B (b) for further details on the Performance Fee structure.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 22. TRUST EXPENSES

	Group	
	2022 \$'000	2021 \$'000
Auditor's remuneration:		
– audit fees	597	278
– non-audit fees	184	87
Trustee's fees	1,189	595
Valuation fees	419	452
Professional fees <sup>1</sup>	2,007	275
Other expenses <sup>2</sup>	776	1,085
	<b>5,172</b>	<b>2,772</b>

1 Professional fees in 2022 included \$0.9 million of professional fees incurred in relation to the change of trustee of ESR-LOGOS REIT.

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

## 23. BORROWING COSTS, NET

	Group	
	2022 \$'000	2021 \$'000
Interest income from bank deposits	594	20
Borrowing costs paid and payable:		
– bank loans	(50,562)	(18,468)
– financial derivatives	(955)	(17,767)
– fixed rate notes	(5,225)	(3,311)
Amortisation of transaction costs relating to debt facilities	(6,099)	(4,343)
	<b>(62,247)</b>	<b>(43,869)</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 24. INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2022 and 2021 is as follows:

	Group	
	2022 \$'000	2021 \$'000
Current income tax		
– Current year	25	14
– Under/(Over) provision in prior years	2	(60)
Deferred tax	5,068	1,867
Withholding tax	4,397	341
	<b>9,492</b>	2,162

	Group	
	2022 \$'000	2021 \$'000
<b><i>Reconciliation of tax expense</i></b>		
Total (loss)/return for the year before income tax	<b>(261,947)</b>	107,761
Income tax using Singapore tax rate of 17% (2021: 17%)	<b>(44,531)</b>	18,319
Effect of different tax rates in foreign jurisdictions	<b>(182)</b>	80
Income not subject to tax	<b>(14,827)</b>	(6,477)
Non-tax deductible items	<b>88,619</b>	9,489
Deferred tax on fair value gains	<b>5,068</b>	1,867
Tax transparency	<b>(24,653)</b>	(21,147)
Under/(Over) provision of tax in prior years	<b>2</b>	(60)
Others	<b>(4)</b>	91
Income tax expense	<b>9,492</b>	2,162

Deferred tax liabilities as at 31 December are attributable for the following:

	Group		Trust	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Investments at FVTPL	4,665	1,867	4,208	1,867
Investment properties in Australia	3,089	–	–	–
	<b>7,754</b>	1,867	<b>4,208</b>	1,867

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 24. INCOME TAX EXPENSE (continued)

Movement in temporary differences during the year:

	2021 \$'000	Recognised in statement of total return \$'000	Effect of movement in exchange rates \$'000	2022 \$'000
<b>Group</b>				
Investments at FVTPL	1,867	2,951	(153)	4,665
Investment properties in Australia	–	2,117	972	3,089
Deferred tax liabilities	1,867	5,068	819	7,754
	2020 \$'000	Recognised in statement of total return \$'000	Effect of movement in exchange rates \$'000	2021 \$'000
<b>Group</b>				
Investments at FVTPL	–	1,867	–	1,867

In accordance with FRS 12 Income Taxes, deferred tax is not recognised on temporary differences arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss (“initial recognition exemption”). As a result of applying the initial recognition exemption, the Group has not recognised deferred tax liabilities of \$35.4 million (2021: Nil) relating to temporary differences arising from the Merger.

## 25. EARNINGS AND DISTRIBUTION PER UNIT

### (a) Basic earnings per Unit

The calculation of basic earnings per Unit is based on the total return attributable to Unitholders and the weighted average number of Units in issue for the financial year.

	Group	
	2022 \$'000	2021 \$'000
Total (loss)/return after income tax	(271,439)	105,599
Less:		
Non-controlling interest	(2,994)	(4,078)
Non-controlling interest – perpetual securities holders	(3,828)	–
Amount reserved for distribution to perpetual securities holders	(12,049)	(6,900)
Total return attributable to Unitholders	(290,310)	94,621

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 25. EARNINGS AND DISTRIBUTION PER UNIT (continued)

### (a) Basic earnings per Unit (continued)

	Number of units	
	2022 '000	2021 '000
Weighted average number of Units:		
– Units issued at beginning of the year	4,030,257	3,576,362
Effect of issue of new Units:		
– Management fees paid in Units	12,166	7,011
– Distribution Reinvestment Plan	22,149	18,532
– Private placement	–	167,919
– Preferential offering	–	43,510
– Partial consideration paid in Units pursuant to the Merger	1,750,125	–
– Acquisition fees paid in Units	24,652	–
	<b>5,839,349</b>	3,813,334
	Group	
	2022	2021
Basic earnings per Unit (cents)	<b>(4.972)</b>	2.481

### (b) Diluted earnings per Unit

Diluted earnings per Unit is the same as basic earnings per Unit as there were no dilutive instruments in issue during the current and previous financial years.

### (c) Distribution per Unit

The calculation of distribution per Unit is based on the total amount available for distribution and the number of Units entitled to distribution during the financial year.

	Group	
	2022 \$'000	2021 \$'000
Total return after income tax and distribution adjustments	159,610	120,468
Amount reserved for perpetual securities holders	(12,049)	(6,900)
Net income available for distribution to Unitholders	<b>147,561</b>	113,568
Total amount available for distribution comprising:		
– Taxable income	147,561	113,568
– Tax-exempt income	12,049	183
– Capital distribution	17,487	642
Amount available for distribution to Unitholders	<b>177,097</b>	114,393
Distribution per Unit (cents)	<b>3.000</b>	2.987

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 26. EQUITY ISSUE COSTS

	Group and Trust	
	2022 \$'000	2021 \$'000
Equity issue costs:		
- Distribution Reinvestment Plan	557	400
- Private placement	-	2,239
- Preferential offering	6	1,218
- Perpetual securities	1,719	-
	<b>2,282</b>	<b>3,857</b>

The equity issue costs are deducted directly against Unitholders' funds.

## 27. COMMITMENTS

### (a) Capital commitments

At the reporting date, the Group had the following commitments:

- \$104.2 million (2021: \$65.9 million) of capital commitments in respect of asset enhancement initiatives and capital expenditure for investment properties that had been authorised and contracted for but not provided for in the consolidated financial statements. These projects are targeted to complete by 2024.
- A\$7.05 million (2021: A\$7.05 million) of capital commitments in respect of the 10.0% interest in EALP, which may be called upon by EALP to finance its activities.

### (b) Guarantees

- The Trust has provided unsecured corporate guarantees to banks in respect of the interest rate swap contracts entered into by certain subsidiaries with total notional amount of \$272.0 million (2021: Nil).
- The Trust has provided unsecured corporate guarantees of \$6.9 million (2021: Nil) to a bank in respect of bank guarantees issued on behalf of a subsidiary.

## 28. CONTINGENT LIABILITIES

- (a) On 27 July 2022 and 16 September 2022, RBC Investor Services Trust Singapore Limited, as the trustee of ESR-LOGOS REIT at that time, received two letters of demand from a tenant of a property for amounts of \$0.8 million and \$1.0 million respectively for rental rebates and/or waivers in respect of areas at the property which it alleged were unusable. Based on the Manager's assessment of the demands, the Manager has determined that as at the date of these financial statements, no provision for the demands is required as the Manager does not consider it probable that there will be any significant outflow of resources arising from these demands. Please refer to Note 35(c) for update on the case subsequent to the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 28. CONTINGENT LIABILITIES (continued)

- (b) On 1 April 2022, HSBC Institutional Trust Services (Singapore) Limited, as trustee of ALOG Trust, and ARA LOGOS Property Management Pte. Ltd., as the property manager of ALOG Trust at that time, received a writ of summons from a former tenant of a property in Singapore claiming damages from losses suffered arising from damages in its rented premises. The total sum claimed to date amounted to approximately \$13.3 million comprising \$8.0 million in special damages and \$5.3 million in general damages. As at 31 December 2022, the court case was held in abeyance pending mediation. Based on the advice received from the Group's external legal counsel, the Manager has determined that as at the date of these financial statements, no provision for the claim is required. Please refer to Note 35(d) for update on the case subsequent to the reporting period.

## 29. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Manager or the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Manager and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

Other than as disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business on terms agreed between the parties:

	Group	
	2022 \$'000	2021 \$'000
<b>ESR-LOGOS Funds Management (S) Limited (the Manager)</b>		
Management fees paid and payable in:		
– cash	9,001	8,807
– Units	10,837	6,033
Acquisition fees paid in:		
– cash	–	1,196
– Units	17,648	–
Development management fees paid and payable in cash	1,055	21
Divestment fees paid in cash	557	265
<b>ESR-LOGOS Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Property and lease management fees paid and payable in:		
– cash	5,589	4,194
– Units	3,257	2,872
Lease marketing services commission paid and payable in cash	3,592	3,877
Project management fees paid and payable in cash	419	299

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 29. RELATED PARTIES (continued)

	Group	
	2022 \$'000	2021 \$'000
<b>ESR-LOGOS Property Management (S) Pte. Ltd. (Subsidiary of immediate holding company of the Manager)</b>		
Site staff cost recovery	1,088	802
Rental income received and receivable <sup>1</sup>	673	280
Utilities income received and receivable	16	2
<b>RBC Investor Services Trust Singapore Limited<sup>2</sup></b>		
Trustee fees paid	434	412
<b>Perpetual (Asia) Limited (the Trustee)<sup>3</sup></b>		
Trustee fees paid and payable	43	–
<b>ESR Group Limited and its subsidiaries<sup>4</sup></b>		
Base and performance fees paid	439	–
Investment management fees paid and payable	542	–
Asset management fees paid and payable	864	–
Property management fees paid and payable	1,329	–
Acquisition of 10.0% interest in ESR Australia Logistics Partnership	–	62,630
Acquisition of ESR Sakura Distribution Centre	169,812	–
Rental support received and receivable <sup>5</sup>	421	–
<b>TSMP Law Corporation</b>		
Legal fees paid and payable	630	–

1 Relates to rental income received and receivable from ESR-LOGOS Property Management (S) Pte Ltd (“ELPM”) pursuant to a 3-year tenancy agreement entered into between the Group and ELPM during 2021. The lease has since been pre-terminated on 3 January 2023.

2 On 24 November 2022, RBC Investor Services Trust Singapore Limited retired as the trustee of ESR-LOGOS REIT.

3 Perpetual (Asia) Limited was appointed as the trustee of ESR-LOGOS REIT effective from 25 November 2022.

4 Excluding the Manager and ESR-LOGOS Property Management (S) Pte Ltd.

5 Pertains to rental support received and receivable from ESR 34 GK in relation to the acquisition of ESR Sakura Distribution Centre.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT

### *Valuation processes applied by the Group*

The Group has an established control framework with respect to the measurement of fair values. This framework includes a real estate team that reports directly to the Chief Executive Officer of the Manager, and has an overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet financial reporting requirements, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

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

### *(a) Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

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

The Group recognises any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the current financial year, investment properties which have been reclassified as held for divestment were measured in accordance with Level 2 fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (b) Assets and liabilities measured at fair value

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2022</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	-	56,595	5,103,400	5,159,995
<b>Financial assets</b>				
Investments at FVTPL	-	-	342,665	342,665
Derivative financial instruments	-	24,002	-	24,002
	-	80,597	5,446,065	5,526,662
<b>Financial liabilities</b>				
Derivative financial instruments	-	(1,907)	-	(1,907)
Amount due to non-controlling interest	-	-	(63,316)	(63,316)
	-	(1,907)	(63,316)	(65,223)
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	-	29,264	3,146,010	3,175,274
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	-	29,264	3,212,552	3,241,816
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)
Amount due to non-controlling interest	-	-	(62,036)	(62,036)
	-	(13,653)	(62,036)	(75,689)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (b) Assets and liabilities measured at fair value (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Trust</b>				
<b>2022</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	-	8,141	1,570,449	1,578,590
<b>Financial assets</b>				
Investments at FVTPL	-	-	77,320	77,320
Derivative financial instruments	-	14,804	-	14,804
	-	22,945	1,647,769	1,670,714
<b>Financial liabilities</b>				
Derivative financial instruments	-	(1,907)	-	(1,907)
<b>2021</b>				
<b>Non financial assets</b>				
Investment properties (including right-of-use assets and investment properties held for divestment)	-	29,264	1,585,914	1,615,178
<b>Financial assets</b>				
Investment at FVTPL	-	-	66,542	66,542
	-	29,264	1,652,456	1,681,720
<b>Financial liabilities</b>				
Derivative financial instruments	-	(13,653)	-	(13,653)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (c) Level 2 fair value measurements

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

#### *Investment properties held for divestment*

The fair value of investment properties held for divestment are based on contracted selling price of the subject property with unrelated third parties in arm's length transactions.

#### *Financial derivatives*

The fair value of derivative financial instruments such as interest rate swaps and forward foreign currency exchange contracts are based on valuation statements from financial institutions that are the counterparties of the transactions. The fair value of interest rate swaps are calculated 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. The fair values of forward foreign currency exchange contracts are determined using actively quoted forward foreign currency exchange rates at the reporting date.

### (d) Level 3 fair value measurements

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

#### *Amount due to non-controlling interest*

The fair value of the amount due to non-controlling interest is determined based on the non-controlling interest's 20% share of the net assets of 7000 AMK LLP with reference to the fair value of its underlying investment property. The fair value of the investment property is determined based on significant unobservable inputs which have been included in the disclosures for investment properties held directly or through joint venture in this Note 30(d).

#### *Investment properties held directly or through joint venture*

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

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (d) Level 3 fair value measurements (continued)

#### *Investment properties held directly or through joint venture (continued)*

In determining the fair values, the valuers have used valuation methods including direct comparison method, capitalisation approach, discounted cash flows method and residual value approach in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. 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 residual value approach uses the discounted cash flows method and the capitalisation approach as the starting point to determine the gross development value before deducting the remaining development costs.

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

The following table shows the key unobservable inputs in Level 3 fair value measurement used in the valuation model:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment properties held directly or through joint venture</i>		
Discounted cash flows method, direct comparison method, capitalisation approach and residual value approach	<ul style="list-style-type: none"> <li>Market rental growth ranges from 3.0% to 7.0% (2021: 1.5% to 3.0%) per annum.</li> <li>Adjusted price (psm) of \$1,834 (2021: \$972 to \$1,723)</li> <li>Discount rates of 4.00% to 9.50% (2021: 7.00% to 8.25%)</li> <li>Capitalisation rates of 4.20% to 7.50% (2021: 5.00% to 7.25%)</li> <li>Terminal yield rates of 4.30% to 7.50% (2021: 5.25% to 7.25%)</li> </ul>	<p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth were higher/(lower);</li> <li>the adjusted price psm were higher/ (lower);</li> <li>the discount rates were lower/ (higher);</li> <li>the capitalisation rates were lower/ (higher); or</li> <li>the terminal yield rates were lower/ (higher)</li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (d) Level 3 fair value measurements (continued)

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 rates derived from government-issued bonds, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

The reconciliation of investment properties for the financial year for Level 3 fair value measurements is shown in Note 4.

### Investments at fair value through profit or loss

The fair value of the investments at fair value through profit or loss, which are unquoted equity investments in property funds, is determined based on the Group’s share of the net assets of the property funds with reference to the fair value of the underlying investment properties of the funds. The fair value of these underlying investment properties is determined based on significant unobservable inputs. Accordingly, the fair value of the investments 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 funds</i>		
Discounted cash flows method and capitalisation approach	<ul style="list-style-type: none"> <li>• Discount rates of 5.50% to 7.00% (2021: 5.50% to 7.25%)</li> <li>• Capitalisation rates of 3.60% to 6.25% (2021: 3.75% to 6.75%)</li> <li>• Terminal yield rates of 3.85% to 7.25% (2021: 4.00% to 7.00%)</li> </ul>	The estimated fair value would increase/ (decrease) if: <ul style="list-style-type: none"> <li>• the discount rates were lower/ (higher);</li> <li>• the capitalisation rates were lower/ (higher); or</li> <li>• the terminal yield rates were lower/ (higher).</li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (e) *Assets and liabilities not measured at fair value for which fair value is disclosed*

The table below shows an analysis of other non-current liabilities of the Group and the Trust not measured at fair value for which fair value is disclosed:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group and Trust</b>				
<b>2022</b>				
<b>Liabilities</b>				
Fixed rate notes	163,501	-	-	163,501
<b>2021</b>				
<b>Liabilities</b>				
Fixed rate notes	172,399	-	-	172,399

### *Determination of fair value for fixed rate notes*

The fair values of the fixed rate notes are determined based on the quoted bid prices in an active market as at the reporting date.

### (f) *Fair value of financial instruments by classes that are not carried at fair value and whose amounts are reasonable approximation of fair value*

The carrying amounts of current financial assets and liabilities of the Group and the Trust approximate their fair values due to their short maturity period. The carrying amounts of non-current floating rate borrowings of the Group and the Trust do not materially differ from their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (g) Classification of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>						
<b>2022</b>						
Investments at FVTPL	7	-	342,665	-	342,665	342,665
Trade and other receivables*	10	20,713	-	-	20,713	20,713
Cash and cash equivalents	11	45,579	-	-	45,579	45,579
Loans and borrowings	14	-	-	(2,076,056)	(2,076,056)	(2,064,557)
Trade and other payables^	12	-	-	(103,466)	(103,466)	(103,466)
Amount due to non-controlling interest	15	-	(63,316)	-	(63,316)	(63,316)
Derivative financial instruments (net)	9	-	22,095	-	22,095	22,095
		<b>66,292</b>	<b>301,444</b>	<b>(2,179,522)</b>	<b>(1,811,786)</b>	<b>(1,800,287)</b>
<b>2021</b>						
Investment at FVTPL	7	-	66,542	-	66,542	66,542
Trade and other receivables*	10	18,455	-	-	18,455	18,455
Cash and cash equivalents	11	24,150	-	-	24,150	24,150
Loans and borrowings	14	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	12	-	-	(77,370)	(77,370)	(77,370)
Amount due to non-controlling interest	15	-	(62,036)	-	(62,036)	(62,036)
Derivative financial instruments (net)	9	-	(13,653)	-	(13,653)	(13,653)
		<b>42,605</b>	<b>(9,147)</b>	<b>(1,268,222)</b>	<b>(1,234,764)</b>	<b>(1,232,163)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 30. FAIR VALUE MEASUREMENT (continued)

### (g) Classification of financial instruments (continued)

The fair values of financial assets and liabilities, together with their carrying amounts shown in the Statement of Financial Position, are as follows:

	Note	Financial assets at amortised cost \$'000	Fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Trust</b>						
<b>2022</b>						
Loans to subsidiaries	8	725,755	-	-	725,755	725,755
Investments at FVTPL	7	-	77,320	-	77,320	77,320
Trade and other receivables*	10	52,059	-	-	52,059	52,059
Cash and cash equivalents	11	9,539	-	-	9,539	9,539
Loans and borrowings	14	-	-	(1,639,736)	(1,639,736)	(1,628,237)
Trade and other payables^	12	-	-	(44,563)	(44,563)	(44,563)
Derivative financial instruments (net)	9	-	12,897	-	12,897	12,897
		<b>787,353</b>	<b>90,217</b>	<b>(1,684,299)</b>	<b>(806,729)</b>	<b>(795,230)</b>
<b>2021</b>						
Loans to subsidiaries	8	636,800	-	-	636,800	636,800
Investment at FVTPL	7	-	66,542	-	66,542	66,542
Trade and other receivables*	10	28,826	-	-	28,826	28,826
Cash and cash equivalents	11	14,164	-	-	14,164	14,164
Loans and borrowings	14	-	-	(1,190,852)	(1,190,852)	(1,188,251)
Trade and other payables^	12	-	-	(42,975)	(42,975)	(42,975)
Derivative financial instruments (net)	9	-	(13,653)	-	(13,653)	(13,653)
		<b>679,790</b>	<b>52,889</b>	<b>(1,233,827)</b>	<b>(501,148)</b>	<b>(498,547)</b>

\* Excludes prepayments, GST receivable and capitalised costs.

^ Excludes rent received in advance, deposit received for investment properties held for divestment and GST payable.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to credit risk, liquidity risk and market risk (including interest rate risk and currency risk).

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit, Risk Management and Compliance Committee ("ARCC") oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARCC is assisted in its oversight role by Internal Audit. Internal Audit, which is outsourced to a public accounting firm, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARCC.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Manager has established credit limits for tenants and monitors the amounts receivable from tenants on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. In addition, the Group requires the tenants to provide tenancy security deposits or corporate guarantees, or to assign rental proceeds from sub-lessees to the Group. For cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Manager establishes an allowance for impairment loss, based on a specific loss component that relates to individually significant exposures, that represents its estimate of expected losses in respect of trade and other receivables.

#### **Credit risk concentration profile**

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statements of Financial Position.

#### **Financial assets that are neither past due nor impaired**

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment history with the Group. Cash deposits are placed with financial institutions which are reputable and regulated.

#### **Financial assets that are past due or impaired**

Information regarding financial assets that are past due or impaired is disclosed in Note 10 (Trade and other receivables). At the reporting date, the Group had no financial assets which had been determined to be impaired and there are no allowances for impairment loss provided for.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities.

The Manager monitors the liquidity risk of the Group on an on-going basis. The Group's objective is to maintain a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations. Typically, the Manager ensures that the Group has sufficient cash on demand and committed revolving credit facilities to meet expected operating expenses for a reasonable period, including the servicing of financial obligations; but this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

#### *Analysis of financial instruments by remaining contracted maturities*

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(245,195)	(1,689,968)	-	(1,935,163)
Revolving credit facilities	(5,757)	(176,020)	-	(181,777)
Medium term notes	(54,229)	(134,759)	-	(188,988)
Trade and other payables*	(76,009)	(20,530)	-	(96,539)
Amount due to non-controlling interest	(63,316)	-	-	(63,316)
Lease liabilities	(25,661)	(172,193)	(1,056,068)	(1,253,922)
	(470,167)	(2,193,470)	(1,056,068)	(3,719,705)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(8,952)	(6,223)	-	(15,175)
	(479,119)	(2,199,693)	(1,056,068)	(3,734,880)
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium term notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables*	(51,096)	(20,283)	-	(71,379)
Amount due to non-controlling interest	(62,036)	-	-	(62,036)
Lease liabilities	(11,215)	(60,246)	(358,849)	(430,310)
	(355,940)	(1,045,999)	(419,789)	(1,821,728)
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	(371,049)	(1,056,063)	(419,789)	(1,846,901)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk (continued)

#### Analysis of financial instruments by remaining contracted maturities (continued)

	Within 1 year \$'000	Between 2 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>Trust</b>				
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(229,244)	(1,195,775)	-	(1,425,019)
Revolving credit facilities	(5,757)	(176,020)	-	(181,777)
Medium term notes	(54,229)	(134,759)	-	(188,988)
Trade and other payables**	(32,734)	(5,537)	-	(38,271)
Lease liabilities	(10,888)	(49,748)	(256,310)	(316,946)
	<b>(332,852)</b>	<b>(1,561,839)</b>	<b>(256,310)</b>	<b>(2,151,001)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(6,391)	(2,364)	-	(8,755)
	<b>(339,243)</b>	<b>(1,564,203)</b>	<b>(256,310)</b>	<b>(2,159,756)</b>
<b>2021</b>				
<b>Non-derivative financial liabilities</b>				
Term loan facilities	(226,193)	(771,401)	(60,940)	(1,058,534)
Revolving credit facilities	(175)	(5,081)	-	(5,256)
Medium term notes	(5,225)	(188,988)	-	(194,213)
Trade and other payables**	(27,517)	(9,467)	-	(36,984)
Lease liabilities	(11,215)	(51,057)	(270,289)	(332,561)
	<b>(270,325)</b>	<b>(1,025,994)</b>	<b>(331,229)</b>	<b>(1,627,548)</b>
<b>Derivative financial liabilities</b>				
Interest rate swaps	(15,109)	(10,064)	-	(25,173)
	<b>(285,434)</b>	<b>(1,036,058)</b>	<b>(331,229)</b>	<b>(1,652,721)</b>

\* Excludes rent received in advance, deposit received for investment properties held for divestment and GST payable.

+ Excludes interest and loan commitment fee payable, which are included in the respective debt facilities.

### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, utilising interest rate and currency hedging strategies where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Market risk (continued)

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of ensuring that the majority of the Group's exposures to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps and fixed rate borrowings.

At the reporting date, the Group has entered into interest rate swap contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional amounts of the bank loans.

As at 31 December 2022, the Group has fixed 72.0% (2021: 92.0%) of its interest rate exposure by entering into interest rate swaps and fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges and takes into account prevailing market conditions.

#### Sensitivity analysis for variable rate instruments

For the variable rate instruments, a change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) Unitholders' funds and total return by the amounts shown below. The analysis assumes that all other variables remain constant.

	Total Return		Unitholders' Funds	
	100 bps increase \$'000	100 bps decrease \$'000	100 bps increase \$'000	100 bps decrease \$'000
<b>Group</b>				
<b>2022</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
– Interest expense	(5,862)	5,862	(5,862)	5,862
<b>2021</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
– Interest expense	(945)	945	(945)	945

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Market risk (continued)

#### (i) Interest rate risk (continued)

##### Sensitivity analysis for variable rate instruments (continued)

	Total Return		Unitholders' Funds	
	100 bps increase \$'000	100 bps decrease \$'000	100 bps increase \$'000	100 bps decrease \$'000
<b>Trust</b>				
<b>2022</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
– Interest expense	(5,238)	5,238	(5,238)	5,238
<b>2021</b>				
<b>Variable rate instruments</b>				
Interest-bearing borrowings				
– Interest expense	(945)	945	(945)	945

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries and property funds.

The Group manages its foreign currency risk by holding net borrowings in foreign currencies to achieve a natural hedge and by entering into forward foreign currency exchange contracts to hedge against foreign currency movements on net income denominated in foreign currencies (Note 9).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Market risk (continued)

#### (ii) Foreign currency risk (continued)

As at the reporting date, the Group and the Trust's exposure to foreign currency risk are as follows:

	AUD \$'000	JPY \$'000	Total \$'000
<b>Group</b>			
<b>2022</b>			
<b>Financial assets</b>			
Investments at FVTPL	342,665	–	342,665
Derivative financial instruments	9,197	583	9,780
Trade and other receivables	6,997	17,199	24,196
Cash and cash equivalents	8,977	7,593	16,570
	<b>367,836</b>	<b>25,375</b>	<b>393,211</b>
<b>Financial liabilities</b>			
Trade and other payables	(5,629)	(3,560)	(9,189)
Interest-bearing borrowings (Gross)	(372,131)	(196,888)	(569,019)
	<b>(377,760)</b>	<b>(200,448)</b>	<b>(578,208)</b>
Net statement of financial position exposure	<b>(9,924)</b>	<b>(175,073)</b>	<b>(184,997)</b>
	<b>AUD \$'000</b>	<b>JPY \$'000</b>	<b>Total \$'000</b>
<b>Trust</b>			
<b>2022</b>			
<b>Financial assets</b>			
Investment at FVTPL	77,320	–	77,320
Loans to subsidiaries	–	77,633	77,633
Derivative financial instruments	–	583	583
Trade and other receivables	–	52	52
Cash and cash equivalents	363	–	363
	<b>77,683</b>	<b>78,268</b>	<b>155,951</b>
<b>Financial liabilities</b>			
Trade and other payables	(329)	(140)	(469)
Interest-bearing borrowings (Gross)	(54,845)	(72,562)	(127,407)
	<b>(55,174)</b>	<b>(72,702)</b>	<b>(127,876)</b>
Net statement of financial position exposure	<b>22,509</b>	<b>5,566</b>	<b>28,075</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Market risk (continued)

#### (ii) Foreign currency risk (continued)

	AUD \$'000	JPY \$'000	Total \$'000
<b>Group and Trust</b>			
<b>2021</b>			
<b>Financial assets</b>			
Investment at FVTPL	66,542	–	66,542
Cash and cash equivalents	7,034	–	7,034
	73,576	–	73,576
<b>Financial liabilities</b>			
Trade and other payables	(127)	–	(127)
Interest-bearing borrowings (Gross)	(59,507)	–	(59,507)
	(59,634)	–	(59,634)
Net statement of financial position exposure	13,942	–	13,942

#### Sensitivity analysis for foreign currency risk

A 10% weakening of the SGD against the following currencies would increase the total return (before any tax effect) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Trust considered to be reasonably possible at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant.

	<b>Total Return</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Group</b>		
AUD against SGD	<b>5,587</b>	1,394
JPY against SGD	<b>556</b>	–
<b>Trust</b>		
AUD against SGD	<b>2,251</b>	1,394
JPY against SGD	<b>556</b>	–

A 10% strengthening of the SGD against the above currencies would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 32. CAPITAL MANAGEMENT

The Manager's objective when managing capital is to optimise Unitholders' value through the mix of available capital sources which include debt, equity and other financial instruments, whilst complying with statutory and constitutional capital and distribution requirements, maintaining gearing, interest coverage and other ratios within approved limits.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not (a) before 1 January 2022, exceed 50% of the fund's deposited property; or (b) on or after 1 January 2022, exceed 45% of the fund's deposited property, provided that the Aggregate Leverage may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from new borrowings.

At the reporting date, the Aggregate Leverage and interest coverage ratios of the Group are as follows:

	Group	
	2022	2021
Aggregate leverage ratio <sup>1</sup>	<b>41.8%</b>	40.0%
Interest coverage ratio <sup>2</sup>	<b>3.5x</b>	3.5x
Adjusted interest coverage ratio <sup>3</sup>	<b>2.8x</b>	3.1x

1 The aggregate leverage ratio includes ESR-LOGOS REIT's 49.0% share of the borrowings and total assets of PTC 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.

The Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings. As part of its finance policy, the Board of the Manager (the "Board") proactively reviews the Group's capital and debt management regularly so as to optimise the Group's funding structure to meet its investment opportunities. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

## 33. 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.

The Manager considers the business from a geographical segment perspective. Geographically, the Manager manages and monitors the business by 3 countries: Singapore, Australia and Japan. All geographical locations are in the business of investing in industrial properties, which is the only business segment of the Group.

The Manager assesses the performance of the geographical segments based on a measure of Net Property Income ("NPI"). Interest income and finance expenses are not allocated to the segments as treasury activities are centrally managed by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. SEGMENT REPORTING (continued)

The segment information provided to the Manager for the reportable segments are as follows:

	Singapore \$'000	Australia \$'000	Japan \$'000	Total \$'000
<b>Segment Results</b>				
<b>For the year ended 31 December 2022</b>				
Gross revenue	303,300	38,702	1,230	343,232
Property expenses	(90,925)	(7,861)	(203)	(98,989)
<b>Net property income</b>	<b>212,375</b>	<b>30,841</b>	<b>1,027</b>	<b>244,243</b>
Share of results of joint venture	5,343	-	-	5,343
Income from investments at FVTPL	-	11,129	-	11,129
Change in fair value of investments at FVTPL	-	8,360	-	8,360
Change in fair value of financial derivatives	26,446	1,124	-	27,570
Change in fair value of investment properties	(28,851)	5,858	482	(22,511)
Change in fair value of right-of-use of leasehold land	1,095	4,498	-	5,593
Finance costs on lease liabilities for leasehold land	(12,702)	(11,041)	-	(23,743)
Unallocated amounts:				
- Interest income				594
- Borrowing costs				(62,841)
- Fair value adjustment relating to the Merger				(427,055)
- Foreign exchange loss				(2,256)
- Management fees				(21,201)
- Trust expenses				(5,172)
<b>Total loss for the year before tax</b>				<b>(261,947)</b>
Income tax expense				(9,492)
<b>Total loss for the year after tax</b>				<b>(271,439)</b>
<b>Segment Assets and Liabilities</b>				
<b>As at 31 December 2022</b>				
Segment assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	4,042,825	934,947	182,223	5,159,995
Investment in joint venture	41,233	-	-	41,233
Investments at FVTPL	-	342,665	-	342,665
Others	60,256	25,269	24,740	110,265
Consolidated total assets	4,144,314	1,302,881	206,963	5,654,158
Segment liabilities	449,160	274,647	3,301	727,108
Unallocated liabilities <sup>(1)</sup>				2,077,963
Consolidated total liabilities				2,805,071



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 33. SEGMENT REPORTING (continued)

	Singapore \$'000	Australia \$'000	Japan \$'000	Total \$'000
<b>Segment Results</b>				
<b>For the year ended 31 December 2021</b>				
Gross revenue	241,286	-	-	241,286
Property expenses	(68,025)	-	-	(68,025)
<b>Net property income</b>	<b>173,261</b>	<b>-</b>	<b>-</b>	<b>173,261</b>
Share of results of joint venture	7,701	-	-	7,701
Income from investment at FVTPL	-	1,536	-	1,536
Change in fair value of investment at FVTPL	-	9,312	-	9,312
Change in fair value of financial derivatives	24,925	-	-	24,925
Change in fair value of investment properties	(40,381)	-	-	(40,381)
Change in fair value of right-of-use of leasehold land	1,588	-	-	1,588
Finance costs on lease liabilities for leasehold land	(11,825)	-	-	(11,825)
Unallocated amounts:				
- Interest income				20
- Borrowing costs				(43,889)
- Foreign exchange gain				3,125
- Management fees				(14,840)
- Trust expenses				(2,772)
<b>Total return for the year before tax</b>				<b>107,761</b>
Income tax expense				(2,162)
<b>Total return for the year after tax</b>				<b>105,599</b>
<b>Segment Assets and Liabilities</b>				
<b>As at 31 December 2021</b>				
Segment assets				
Investment properties (including right-of-use assets and investment properties held for divestment)	3,175,274	-	-	3,175,274
Investment in joint venture	40,714	-	-	40,714
Investment at FVTPL	-	66,542	-	66,542
Others	47,235	-	-	47,235
Consolidated total assets	<b>3,263,223</b>	<b>66,542</b>	<b>-</b>	<b>3,329,765</b>
Consolidated total liabilities	<b>1,580,682</b>	<b>-</b>	<b>-</b>	<b>1,580,682</b>

(1) Unallocated liabilities consist of interest-bearing borrowings and derivative financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## 34. FINANCIAL RATIOS

	2022 %	2021 %
Expenses to weighted average net assets <sup>1</sup>		
– including performance component of management fees	1.04	1.04
– excluding performance component of management fees	1.03	1.04
Portfolio turnover rate <sup>2</sup>	4.40	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.

## 35. SUBSEQUENT EVENTS

Subsequent to the reporting period, the following significant events occurred:

### (a) Redemption of \$100.0 million ALOG Perps

On 1 February 2023, ALOG Trust redeemed the \$100.0 million ALOG Perps. Upon the redemption, the ALOG Perps were cancelled and delisted from the SGX-ST. The ALOG Debt Issuance Programme was terminated on 6 February 2023.

### (b) Issuance of new Units

On 8 February 2023, the Trust issued 10.9 million new Units amounting to approximately \$4.1 million at an issue price of \$0.3792 per Unit as partial payment for the Manager's base management fees and the Property Manager's property management fees.

On 16 February 2023, the Trust launched an equity fund raising comprising a private placement and a non-renounceable preferential offering to raise gross proceeds of up to approximately \$300.0 million. On 27 February 2023, the Trust issued 454.5 million new Units pursuant to the private placement at an issue price of \$0.330 per Unit and raised gross proceeds of approximately \$150.0 million.

### (c) Claim from a tenant of a property in Singapore

On 20 February 2023, the Trustee was served with a claim from the tenant of the property in Singapore for damages amounting to approximately \$1.9 million in relation to the contingent liability as described in Note 28(a) above.

### (d) Mediation and settlement of a claim

On 20 February 2023, HSBC Institutional Trust Services (Singapore) Limited, as trustee of ALOG Trust, and ARA LOGOS Property Management Pte. Ltd., as the former property manager of ALOG Trust, attended a mediation with the former tenant who brought the claim described in Note 28(b) above. The mediation was conducted while the court case was being held in abeyance. At the conclusion of the mediation, the parties entered into a settlement agreement to fully and finally resolve all disputes in relation to the claim. As the agreed settlement amount is fully covered by insurance claim, there is no financial impact to the Group.

### (e) Divestment of 49 Pandan Road

The Group completed the divestment of 49 Pandan Road for a sale consideration of \$43.5 million on 21 February 2023.

### (f) Transition from SOR to SORA

The Trust completed the transition of all its outstanding SGD loan facilities and interest rate swaps from SOR to SORA.

## 36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board on 17 March 2023.