

OPERATIONS REVIEW

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

CREATING VALUE FOR UNITHOLDERS

ESR-LOGOS REIT remains committed to bring together the capabilities, tenant base, capital resources and global connections to deliver sustainable returns for our Unitholders. In April 2022, the Manager unlocked value by completing the merger of ESR-REIT and ALOG to create a leading New Economy and Future-Ready APAC S-REIT. This is in line with the long-term strategy to accelerate our exposure to the sustainable growth of in-demand logistics properties – the largest secular growth opportunity in Asia, driven by the rapid rise of e-commerce and further amplified by paradigm shifts in global manufacturing supply chains. With the enlarged portfolio, we have not only deepened our presence in key Singapore industrial clusters and expanded our foothold in new economic hubs in Australia, we have also gained greater access to the Sponsor's New Economy pipeline properties.

Over the medium-to-long term, the Manager expects significant opportunities to arise across its S\$5.7 billion¹ portfolio of 82 properties and investments in three property funds. This includes the conversion of properties to New Economy assets such as high-specs industrials and ramp-up logistics facilities as well as the optimisation of the overall portfolio via divestments of non-core assets in order to meet industrialists' evolving business needs.

Completed Acquisition



2464-11, Ota, Sakura-city, Chiba | Logistics

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

On 29 August 2022, the Manager announced the strategic acquisition of ESR Sakura Distribution Centre ("ESR Sakura DC"), a five-storey modern asset in Sakura City, Chiba Prefecture, Tokyo for a purchase price of approximately S\$183.5 million² (JPY 17,800 million), inclusive of rental support, from the Sponsor.

ESR Sakura DC has a net floor area of approximately 81,507 sqm and is situated on freehold land of approximately 41,658 sqm. The property was completed in 2015 and located in Sakura City within the Northern part of Chiba Prefecture in Tokyo, strategically situated between the Narita International Airport and Chiba Port. The new addition strengthens ESR-LOGOS REIT's portfolio exposure to the logistics sector with the proportion of New Economy sector increasing to 62.8% (by rental income) and 62.9% (by valuation) as at 31 December 2022.

Divestment Activity

In FY2022, the Manager announced the divestments of five non-core assets totalling S\$151.3 million at a premium to fair value of 14.9%, as part of its continuing optimisation strategy to enhance income resilience and re-deploy the sale proceeds to pare down debt and to fund AEs and asset acquisitions. The divestment of 28 Senoko Drive, a single-storey general industrial building with an adjacent 4-storey ancillary office building, was completed in 1H2022 while the divestments of 3 Sanitarium Drive, Australia, a single-storey logistics building, and 2 Jalan Kilang Barat, a 9-storey purpose built high-specification building were completed in 2H2022. The divestment of 49 Pandan Road, a 5-storey ramp up warehouse, was also completed in 1Q2023, while the announced divestment of 70 Seletar Aerospace View, a single-storey hangar with a 3-storey office building, is targeted to complete in 1H2023.

1. As at 31 December 2022
2. Using an illustrative exchange rate of JPY 97.00:S\$1.00

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Real Estate Transactions in FY2022

Property	City/Country	Asset Class	Purchase/Sale Consideration	Valuation	Buyer/Seller	Completion Date
Acquisition						
ESR Sakura Distribution Centre	Tokyo, Japan	Logistics	JPY17,800 million	JPY18,030 million ^a JPY18,000 million ^b	ESR 34 GK	31 October 2022
Divestments						
28 Senoko Drive	Singapore	General Industrial	S\$12.0 million	S\$13.1 million ^c	Tat Seng Packaging Group Ltd	14 January 2022
3 Sanitarium Drive	NSW, Australia	Logistics	A\$55.0 million	A\$46.4 million ^d	Australasian Conference Association Limited	22 July 2022
2 Jalan Kilang Barat	Singapore	High-Specs Industrial	S\$35.3 million	S\$29.0 million ^e	Cars & Coffee Holdings Pte. Ltd.	24 November 2022
49 Pandan Road	Singapore	Logistics	S\$43.5 million	S\$37.8 million ^f	ST Logistics Pte. Ltd.	21 February 2023
70 Seletar Aerospace View	Singapore	General Industrial	S\$7.1 million	S\$6.8 million ^g	Air 7 Asia Pte. Ltd	2Q2023 (Expected)

- a Based on independent valuation conducted by Colliers International Japan KK as at 30 June 2022 using the income capitalisation method and discounted cash flow method
- b Based on independent valuation conducted by CBRE K.K. as at 30 June 2022 using the income capitalisation method and discounted cash flow method
- c Based on independent valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd as at 30 September 2021 using the income capitalisation method and discounted cash flow method
- d Based on independent valuation conducted by Colliers International Valuation & Advisory Services (NSW) Pty Limited as at 19 May 2022 using the income capitalisation method and discounted cash flow method
- e Based on independent valuation conducted by Edmund Tie & Company (SEA) Pte Ltd as at 29 September 2022 using the income capitalisation method, discounted cash flow method and direct comparison method
- f Based on independent valuation conducted by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2022 using the income capitalisation method, discounted cash flow method and direct comparison method
- g Based on independent valuation conducted by Knight Frank Pte Ltd as at 1 December 2022 using the income capitalisation method and discounted cash flow method

Completed Asset Enhancement Initiatives

The AEI of 53 Peregrine Drive, Queensland reflects our focus to unlock value within our existing portfolio to bolster our recurring income.

AEI works were carried out at 53 Peregrine Drive to increase its gross floor area by 26,335 sqm with an additional warehouse of 10,115 sqm and hardstand of 16,220 sqm. The AEI was completed in 4Q2022 at a cost of approximately A\$19.2 million and the property is 100% leased to ACFS Port Logistics Pty Ltd. This AEI is expected to deliver an estimated yield on cost of approximately 7.5% on a stabilised basis.

As part of its proactive asset management strategy to maintain the competitiveness of the portfolio, the Manager also embarked on a series of defensive AEIs at five identified properties, namely 24 Penjuru Road, 5 Changi South Lane, 1 Greenwich Drive, 51 Alps Avenue and 49

Pandan Road. These defensive AEIs included works such as toilet upgrading, CCTV system upgrading and repainting works, and have been completed across 2Q2022 and 3Q2022 for a total cost of approximately S\$4.8 million.



AEI works completed in 4Q2022

Ongoing Asset Enhancement Initiatives / Redevelopment

In 2022, the Manager announced that 16 Tai Seng Street will be undergoing rejuvenation works to maximise its unutilised plot ratio to create an additional 2,793 sqm of space as well as to enhance tenants' experiences by carrying out extensive works which include façade upgrading, improvement of drop-off points and lift lobbies, the addition of two new passenger lifts, toilets upgrading, and a new covered external linkway to the Tai Seng MRT station. The property will also be fitted out with electrical vehicle charging docks and is part of the Manager's pipeline of assets for its solar panel installation plan. The development works are estimated to cost approximately S\$32.0 million, with an estimated yield on cost of up to 6.0% and is expected to complete by 1Q2024.

In addition, the Manager also announced on 12 April 2022 that 21B Senoko Loop will be undergoing redevelopment in two phases to convert the building from a general industrial asset to a build-to-suit high-specifications facility for NTS Components Singapore Pte Ltd ("NTS"). The cost of the redevelopment is approximately S\$38.5 million and it is expected to be completed by 1Q2024. When completed, the property is expected to deliver an estimated yield-on-cost of approximately 6.6% on a stabilised basis. Upon completion, the property will be leased to NTS on a triple net basis for 15 years with annual rental escalations. NTS will be fully responsible for the payment of utilities, maintenance expense, property tax and land rent.

The AEI of 7002 Ang Mo Kio Avenue 5 is on track to complete by 3Q2023 for approximately S\$53.3 million. Upon completion, the additional GFA area created will be able to cater to advanced manufacturing, info-comm and data centre tenants.

The above on-going AEIs and redevelopments are aimed at rejuvenating the existing portfolio to capture value and deliver growth in net asset value as well as to increase the attractiveness and efficiency of its assets to attract high value tenants.

ESR-LOGOS REIT will continue to focus on organic growth initiatives by rejuvenating its assets to position them to stay relevant to industrialists' evolving space needs.



AEI works expected to complete by 1Q2024

PORTFOLIO VALUATION

ESR-LOGOS REIT commissioned an independent valuation of its portfolio in FY2022. In determining the valuation figures, the valuers have applied the following methodologies including the direct comparison method, capitalisation approach, discounted cash flows method and residual value approach to arrive at the open market value.

As at 31 December 2022, the total valuation of ESR-LOGOS REIT's 82 properties was approximately S\$4.61 billion³. These independent valuations were conducted 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.

Several existing properties within the portfolio registered uplift in valuations due to savings in operational expenses arising from the payment of upfront land premium for the land rent conversion of four logistics properties after the merger as well as the ongoing AEIs at 16 Tai Seng Street and 7002 Ang Mo Kio Avenue 5. However, several Singapore properties recognised a depreciation in revaluation against their valuation as at 31 December 2021, mainly due to shorter remaining land lease tenure.

3. Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-LOGOS REIT holds 80% interest, but excludes the valuation of 48 Pandan Road which is held through a joint venture in which ESR-LOGOS REIT holds 49.0% interest

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The overall increase over the previous valuation of S\$2.95 billion³ as at 31 December 2021 was mainly due to the acquisitions of ALOG's portfolio and ESR Sakura DC in Japan.

	Valuation as at 31 Dec 2021 ³	Valuation as at 31 Dec 2022 ³	Variance (31 Dec 2021 vs 31 Dec 2022)
	(S\$ million)	(S\$ million)	(%)
By Asset Class			
Business Parks	836.1	837.5	+0.2
High-Specs Industrial	590.4	615.9	+4.3
Logistics	620.6	2,285.0	+268.2
General Industrial	901.4	872.0	-3.3
By Country			
Singapore Portfolio	2,948.5	3,766.3	+27.7
Australia Portfolio	-	661.9	n.m.
Japan Portfolio	-	182.2	n.m.
Total Portfolio	2,948.5	4,610.4	+56.4

Note: n.m. - not meaningful

PORTFOLIO REVIEW

As at 31 December 2022, ESR-LOGOS REIT holds interests in 82 properties, each located in key industrial clusters across the three countries in Singapore, Australia and Japan, with an aggregate gross floor area of approximately 2.3 million sqm.

Key Portfolio Statistics

	As at 31 December 2021 ⁴	As at 31 December 2022 ³	Variance (%)
Number of Properties	56	82	+46.4
Gross Floor Area (million sqm)	1.3	2.3	+61.7
Net Lettable Area (million sqm)	1.2	2.2	+73.3
Portfolio Occupancy (%)	92.0	92.7	+0.7

Portfolio Occupancy

Portfolio occupancy remained stable at 92.7% as at 31 December 2022. The occupancy for the REIT's Singapore portfolio has remained consistently above the JTC average of 89.7% in FY2022. For Australia, the occupancy has also remained consistently high at approximately 99.5%, which is in line with the national occupancy as a result of the tight supply and strong demand in the market.

	1Q2022	2Q2022	3Q2022	4Q2022
Singapore Occupancy (%)	91.5	92.6	90.4	90.2
JTC Average (%)	89.8	90.0	89.7	89.4
Australia Occupancy (%)	-	99.4	99.5	99.5
Australia National Occupancy (%)	-	99.0	99.1	99.4
Japan Occupancy (%)	-	-	-	100.0 [^]
Portfolio Occupancy (%)	91.5	94.1	92.4	92.7

[^] Based on Financial Occupancy

3. Includes the valuation of 7000 Ang Mo Kio Avenue 5 on a 100% basis of which ESR-LOGOS REIT holds 80% interest, but excludes the valuation of 48 Pandan Road which is held through a joint venture in which ESR-LOGOS REIT holds 49.0% interest

4. As disclosed in Annual Report 2021

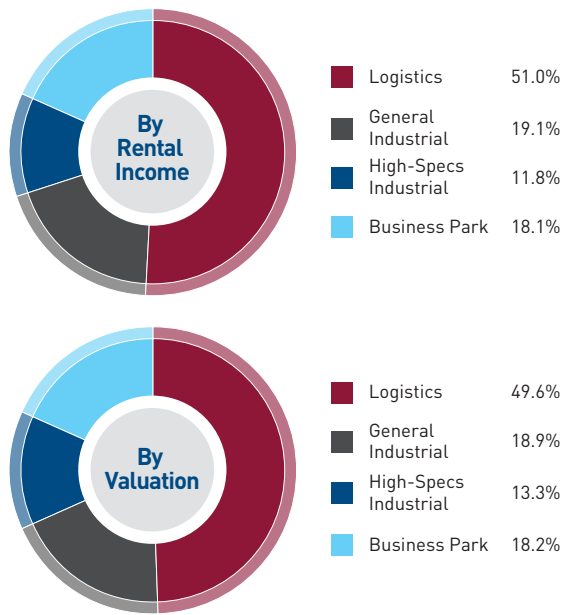
Well-Diversified Portfolio

ESR-LOGOS REIT continues to own and manage a range of industrial properties, comprising Business Parks, High-Specs Industrial, Logistics and General Industrial. Collectively, New Economy assets account for 62.8% of the portfolio by rental income and 62.9% by valuation. With limited potential supply in the near future, ESR-LOGOS REIT is well-positioned to capture the growing demand in the High-Specs Industrial and Logistics sectors. The Manager will proactively manage its portfolio to scale up its proportion of New Economy assets.

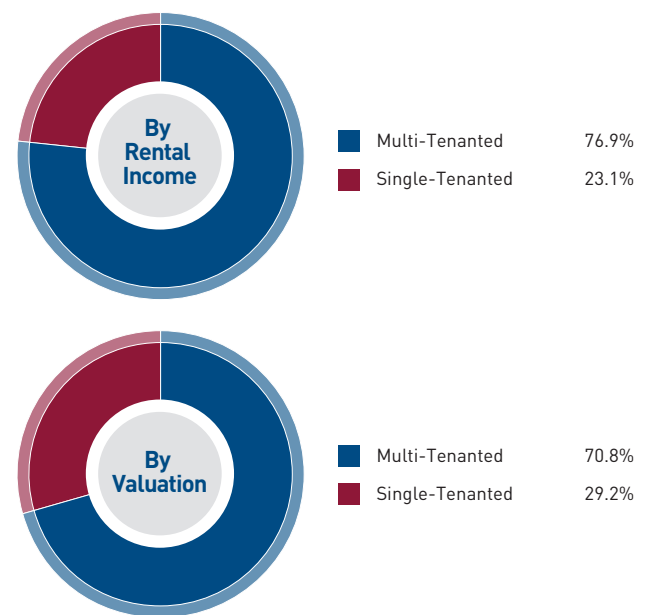
Breakdown of Single-tenanted and Multi-tenanted Buildings

The Manager aims to achieve a healthy mix of multi-tenanted buildings (“MTB”) and single-tenanted buildings (“STB”) in the portfolio through proactive asset and lease management. MTBs provide tenant diversification while STBs, with longer leases and built-in rental escalations, provide yield stability. Proactive portfolio conversion over the years have increased ESR-LOGOS REIT’s exposure to MTBs and STBs, currently constituting 76.9% and 23.1% of the portfolio respectively based on rental income as at 31 December 2022, and 70.8% and 29.2% of the portfolio respectively based on valuation as at 31 December 2022. This provides potential upside for the contracted rents in MTBs to revert to market levels upon expiry.

Asset Class



Single-tenanted vs Multi-tenanted Buildings



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Portfolio Lease Expiry Profile

In line with its proactive leasing strategy, the Manager has consistently engaged its tenants well ahead of lease expiries to manage vacancy risk. As at 31 December 2022, the lease expiry profile for ESR-LOGOS REIT remained well-balanced with a portfolio weighted average lease expiry (by rental income) of 3.2 years. For new and renewed leases in FY2022, the weighted average lease expiries (by rental income) based on the date of commencement are 7.3 years for new leases and 3.1 years for renewed leases as at 31 December 2022 respectively. No more than 27.0% by rental income and 27.1% of the portfolio's total leases by net leasable area will expire in any one year over the next five years.

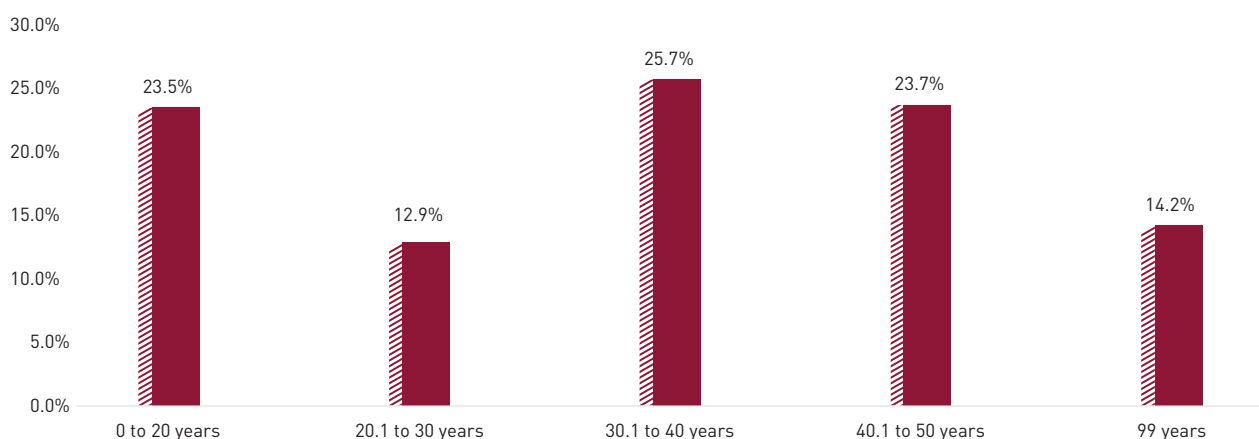
ESR-LOGOS REIT's leases have either marked-to-market rent reviews at fixed periods or include annual rental escalations throughout the lease term. Some leases are also on a triple-net basis where tenants are responsible for property expenses such as property tax, land rent, insurance and maintenance. For multi-tenanted buildings in Singapore, lease terms are shorter at between one to five years, depending on the business approvals obtained by tenants from JTC. For multi-tenanted buildings in Australia, the lease terms are typically longer at between three to fifteen years.

Land Lease Expiry Profile

As at 31 December 2022, the weighted average land lease expiry of ESR-LOGOS REIT's portfolio was 37.4 years by valuation, up from 30.7 years a year ago, mainly due to overseas exposure to freehold assets in Australia and Japan.

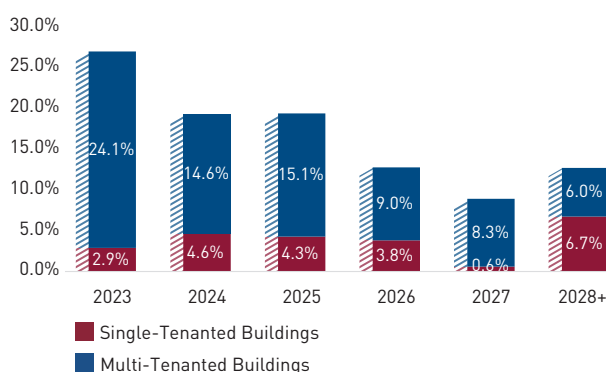
Land Tenure Expiry	Business Park		High-Specs Industrial		Logistics		General Industrial		Total	
	No. of Properties	Asset Value (\$ m)	No. of Properties	Asset Value (\$ m)	No. of Properties	Asset Value (\$ m)	No. of Properties	Asset Value (\$ m)	No. of Properties	Asset Value (\$ m)
0 to 20 years	1	232.0	-	-	10	691.2	9	161.4	20	1,084.6
20.1 to 30 years	-	-	2	83.7	5	436.0	4	65.0	12	584.7
30.1 to 40 years	1	32.5	3	393.6	5	203.0	16	563.3	25	1,192.4
40.1 to 50 years	1	573.0	2	138.6	3	300.7	3	82.3	9	1,094.6
Freehold [^]	-	-	-	-	17	654.1	-	-	17	654.1
Total	3	837.5	7	615.9	40	2,285.0	32	872.0	82	4,610.4

[^] For calculation purposes, freehold properties are treated with 99.0 years land lease remaining.



	% of Rental Income	% by Net Lettable Area ("NLA")
2023	27.0%	27.1%
2024	19.2%	17.9%
2025	19.4%	16.7%
2026	12.8%	13.5%
2027	8.9%	6.0%
2028 and beyond	12.7%	18.8%

Weighted Average Lease Expiry
(% of Rental Income)



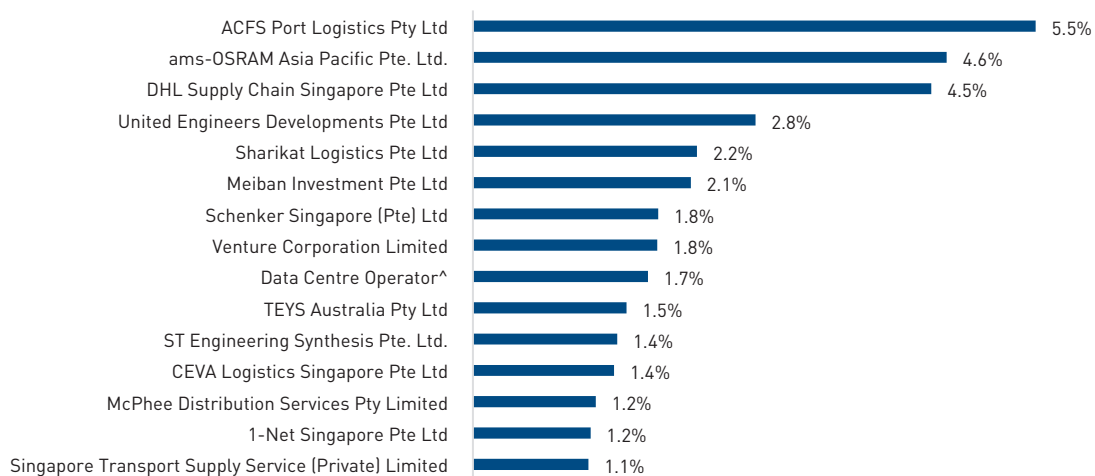
Portfolio Top 15 Tenants

ESR-LOGOS REIT's rental income is well-spread across its portfolio of 448 tenants. The top 15 tenants accounted for 34.8% by rental income and 32.7% by net lettable area. As at 31 December 2022, no single tenant contributed more than 5.5% of the portfolio's total rental income. The Manager will continue to diversify its tenant mix across trade sectors to mitigate concentration risk and enhance portfolio resilience.

Top 15 Tenants (% of Rental Income)

Tenant	Trade Sector	% of Rental Income
ACFS Port Logistics Pty Ltd	Logistics & Warehousing	5.5%
ams-OSRAM Asia Pacific Pte. Ltd.	Electronics	4.6%
DHL Supply Chain Singapore Pte Ltd	Logistics & Warehousing	4.5%
United Engineers Developments Pte Ltd	Hotel	2.8%
Sharikat Logistics Pte Ltd	Logistics & Warehousing	2.2%
Meiban Investment Pte Ltd	Manufacturing	2.1%
Schenker Singapore (Pte) Ltd	Logistics & Warehousing	1.8%
Venture Corporation Limited	Logistics & Warehousing	1.8%
Data Centre Operator^	Data Centre	1.7%
TEYS Australia Pty Ltd	Logistics & Warehousing	1.5%
ST Engineering Synthesis Pte. Ltd.	Logistics & Warehousing	1.4%
CEVA Logistics Singapore Pte Ltd	Logistics & Warehousing	1.4%
McPhee Distribution Services Pty Limited	Logistics & Warehousing	1.2%
1-Net Singapore Pte Ltd	Info-Comm & Technology	1.2%
Singapore Transport Supply Service (Private) Limited	Logistics & Warehousing	1.1%
Total		34.8%

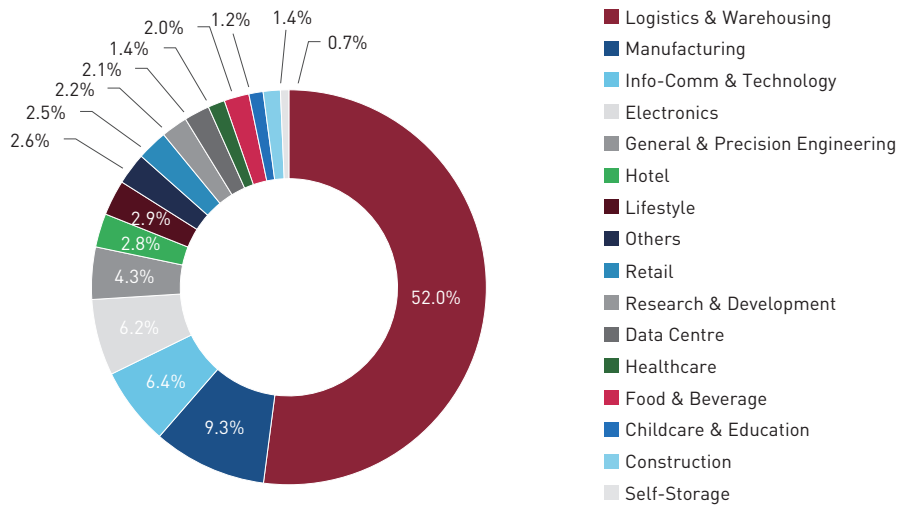
^ Tenant not named due to confidentiality obligations



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Portfolio Trade Sector Analysis

ESR-LOGOS REIT's portfolio is well-diversified across various industries including logistics & warehousing, manufacturing, info-comm & technology, electronics, general & precision engineering amongst others. As at 31 December 2022, logistics and warehousing remained the largest contributor to rental income at 52.0% of the total portfolio. Manufacturing remained the second largest contributor at 9.3% while info-comm & technology makes up about 6.4% of portfolio rental income. Collectively, the top three largest trade sectors made up roughly 67.7% of the portfolio.



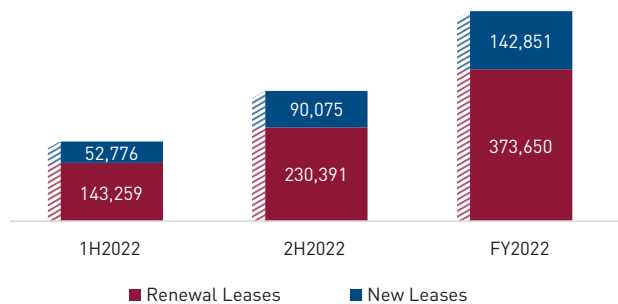
ACTIVE LEASING MANAGEMENT

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

Breakdown of Renewals and New Leases for FY2022

Despite the ongoing uncertainties in business sentiments and lingering impact from COVID-19, the Manager focused on renewals and attracting new tenants. Approximately 516,501 sqm of prime industrial space were leased out during FY2022, of which renewals amounted to 373,650 sqm while new leases accounted for approximately 142,851 sqm in the portfolio. A total of 201 leases were signed in FY2022 (FY2021: 173⁴). The Manager will focus on tenant retention to maintain a stable portfolio occupancy against the backdrop of uncertain macroeconomic conditions.

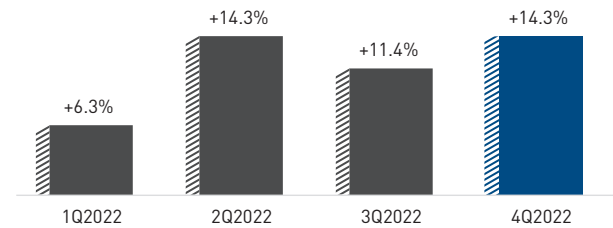
FY2022 Renewals and New Leases (sqm)



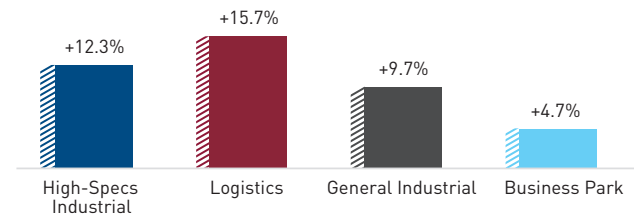
Rental Reversions for FY2022

Given the continued changes in economic structural trends, ESR-LOGOS REIT delivered strong portfolio rental reversions in FY2022 at +11.8%, compared to -1.7%⁴ in FY2021. The strong rental reversions were broad based across all four sub-sectors and driven primarily by the New Economy sectors of Logistics (+15.7%) and High-Specs Industrial (+12.3%).

Portfolio Rental Reversions for FY2022 (by quarter)



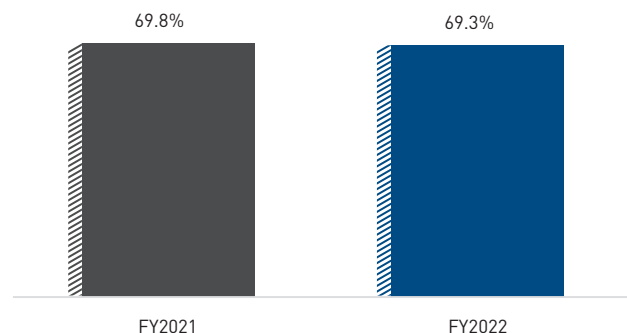
Portfolio Rental Reversions for FY2022 (by asset type)



Tenant Retention Rate

ESR-LOGOS REIT achieved a stable tenant retention rate of 69.3% as at 31 December 2022 compared to 69.8%⁴ over the same period last year. Larger tenants retained include ams-OSRAM Asia Pacific Pte. Ltd., Venture Corporation Limited and NTS Components Singapore Pte Ltd. This is a testament to our strong relationship with our tenants as well as proactive lease management to produce income resilience across our portfolio while striving to remain aligned to market trends.

Portfolio Tenant Retention Rates



4 As disclosed in Annual Report 2021