(Constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

NEWS RELEASE

ESR-LOGOS REIT Delivers 1H2023 DPU of 1.378 Cents; No Further Refinancing Needs in 2023 with Post-Divestments Gearing at 33.6%[1]

- *1H2023 DPU at 1.378 cents, dip of 5.6% y-o-y mainly due to enlarged unit base from the recent equity fund raising exercise*
- *Strong positive portfolio rental reversion at 11.6% driven by New Economy assets in Logistics and High-Specs sectors*
- *Resilient operational performance with high occupancy of 92.9% underpinned by stable demand and limited supply of quality spaces*
- *Announced AEIs and redevelopments are on track*
- *Proposed divestments of seven non-core assets aggregating S$337.0 million; proceeds to repay debt in the interim*
- *All FY2023 expiring debt has been refinanced – no refinancing risk for remaining of FY2023*
- *Gearing at 39.4% (reducing to 33.6%[1] upon repayment of debt with divestment proceeds), with 74.8% of borrowings on fixed interest rates*
- *Divestment proceeds provide significant debt headroom and financial strength to capitalise on investment recycling opportunities amidst asset repricing*
- *Continued focus on 4R strategy: (i) portfolio* ***Rejuvenation****; (ii) capital* ***Recycling****; (iii)* ***Recapitalising*** *balance sheet; and (iv)* ***Reinforcing*** *sponsor support*

Summary of Financial Results:

	1H2023 (S$ million)	**1H2022 (S$ million)**	**(+/-) (%)**
Gross Revenue[(a)]	196.8	147.7	33.3
Net Property Income ("NPI")[(a)]	140.8	102.8	37.0
Amount available for distribution to Unitholders[(b)]	101.5	73.6	37.9
Applicable number of units for calculation of DPU[(c)] (million)	7,363.9	5,041.5	46.1
DPU (Singapore cents)	1.378	1.460	(5.6)

1 On a FY2022 pro forma basis, including (i) the Equity Fund Raising and the divestment of 49 Pandan Road, assuming the net proceeds from the Equity Fund Raising and the divestment of 49 Pandan Road, together with the net proceeds from the divestments announced on 23 June 2023, were fully used to repay existing debt and (ii) the redemption of perpetual securities completed on 1 February 2023

(a) Higher gross revenue and NPI mainly attributed to full half-year contributions from ALOG Trust after the merger in April 2022 and the acquisition of ESR Sakura Distribution Centre in October 2022

(b) Higher amount available for distribution was mainly due to (i) higher NPI as explained above; and (ii) distribution of capital gains amounting to S$17.5 million from the sale of investment properties in prior years, partially offset by higher borrowing costs due to higher base rates and increase in borrowings to partially fund the merger with ALOG Trust and the acquisition of ESR Sakura Distribution Centre

(c) Higher applicable number of Units was mainly due to (i) the equity fund raising comprising a private placement of 454.5 million new Units and a preferential offering of 460.8 million new Units which were completed on 27 February 2023 and 28 April 2023, respectively; and (ii) the issuance of new Units as part of the scheme consideration paid for the merger

Singapore, 26 July 2023 – ESR-LOGOS Funds Management (S) Limited, as manager of ESR-LOGOS REIT (the "**Manager**"), is pleased to announce ESR-LOGOS REIT (or "**E-LOG**") distribution per Unit ("**DPU**") for the period from 1 January 2023 to 30 June 2023 ("**1H2023**") was 1.378[2] Singapore cents.

Commenting on E-LOG's 1H2023 performance, Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager said, "We are pleased to announce a stable result for 1H2023 which continues to reflect the resilience of E-LOG's portfolio in navigating the dynamic landscape of the real estate industry.

In 1H2023, E-LOG has executed its 4R strategy with a S$300.0 million equity fund raising to recapitalise its balance sheet in February 2023 and announced the proposed divestment of seven non-core assets in June 2023. These two milestones are expected to reduce E-LOG's pro forma FY2022 gearing to 33.6%[1], alleviating the potential downside impact of continued rising interest rates on refinancing costs, the potential increase in capitalisation and discount rates which may negatively affect property valuations resulting in increased gearing. The reduced gearing provides significant debt headroom and financial strength to capitalise on investment recycling opportunities amidst asset repricing, further rejuvenating E-LOG's portfolio towards modern, in-demand New Economy assets.

E-LOG's portfolio delivered a 11.6% positive rental reversion in 1H2023 and increased occupancy to 92.9%, driven largely by the continued resilience and favourable demand/ supply dynamics in the logistics sector. We remain committed to identifying and pursuing redevelopments, AEIs and strategic acquisitions that complement our existing portfolio, creating value for our Unitholders and driving sustainable growth for the REIT."

Financial Performance

In 1H2023, E-LOG reported Gross Revenue of S$196.8 million, an increase of 33.3% from S$147.7 million in 1H2022, which was mainly attributed to the full half-year contributions from ALOG Trust following the completion of the merger in April 2022 and the acquisition of ESR Sakura Distribution Centre in October 2022. Consequently, NPI recorded a 37.0% increase to S$140.8 million in 1H2023, as compared to S$102.8 million in 1H2022.

[2] Inclusive of an advanced distribution of 0.448 Singapore cents per Unit for the period from 1 January 2023 to 26 February 2023 paid on 14 April 2023, pursuant to the private placement which was completed on 27 February 2023

Reduced Distributions Due to Enlarged Units Base

The amount available for distribution to Unitholders stood at S$101.5 million in 1H2023, representing an increase of 37.9% from S$73.6 million in 1H2022. 1H2023 DPU was 1.378 Singapore cents, a 5.6% dip from the 1H2022 DPU of 1.460 Singapore cents.

The decrease in DPU was mainly attributable to a 46.1% increase in 1H2023 applicable number of units to 7,363.9 million units, from 5,041.5 million units in 1H2022, mainly due to (i) the equity fund raising and (ii) issuance of new units as part of the scheme consideration paid for the merger with ALOG Trust in 2022. The new units from the equity fund raising accounted for 13.6% of E-LOG's total outstanding units[3].

Of the 1.378 Singapore cents DPU for 1H2023, an advanced distribution of 0.448 Singapore cents for the period 1 January 2023 to 26 February 2023 had been paid on 14 April 2023, pursuant to the private placement which was completed on 27 February 2023. The record date for the remaining distribution of 0.930 Singapore cents will be on 3 August 2023, with the expected payment date on 27 September 2023.

Portfolio Performance: Strong Demand Led by New Economy Sectors

As at 30 June 2023, E-LOG's portfolio occupancy remained high at 92.9%, supported by strong demand for quality spaces in the New Economy sectors. In 1H2023, a total of 303,639 sqm of space was leased to tenants, comprising 241,424 sqm of lease renewals (79.5% of total leases) and 62,215 sqm of new leases (20.5% of total leases). Given the continued changes in economic structural trends, E-LOG continues to be a beneficiary, delivering positive portfolio rental reversions in 1H2023 of 11.6%, an improvement from 11.4% in 1H2022. The strong rental reversions were broad based across all four sub-sectors and driven primarily by the New Economy sectors of Logistics (10.9% positive rental reversion) and High-Specs (35.6% positive rental reversion).

E-LOG's weighted average lease expiry as at 30 June 2023 was 3.1 years, compared to 3.0 years as at 30 June 2022. As part of the Manager's efforts to reduce tenant concentration risk, rental income contributed by the top 15 tenants in 1H2023 accounted for just 35.0% of the total portfolio, with no single tenant contributing more than 5.4% of rental income.

Leading New Economy and Future-Ready Portfolio

As at 30 June 2023, E-LOG has a portfolio of 81 quality properties (excluding 48 Pandan Road held through a joint venture) diversified across key gateway markets: Singapore (60), Australia (20) and Japan (1), with a total gross floor area ("GFA") of approximately 2.3 million sqm. New Economy assets of Logistics and High-Specs accounted for 63.2% of total portfolio. The Manager aims to address the

[3] As at 31 December 2022

increasing industry needs for reliable Logistics, High-Specs and cold storage spaces by enhancing the quality of E-LOG's portfolio, which will be carried out via the Manager's 4R strategy, which includes (i) portfolio **Rejuvenation**; (ii) capital **Recycling**; (iii) **Recapitalising** balance sheet; and (iv) **Reinforcing** sponsor support.

Asset Enhancement Initiatives ("AEI") and Redevelopment

In 1H2023, the Manager continued to make significant progress in its AEIs and Redevelopments as part of its portfolio rejuvenation strategy to transform its portfolio towards modern, in-demand and scalable assets.

The AEI at 16 Tai Seng Street, which will add 2,793 sqm of new GFA at an estimated yield on cost of approximately 6.0%, is progressing well and is approximately 20% completed. With the AEI, the Manager has managed to secure the lease renewal of an incumbent tenant in the pharmaceutical industry in 2Q2023, achieving a positive rental reversion of c.40%. The AEI is expected to be completed in 2Q2024.

Similarly, the AEI at 7002 Ang Mo Kio Ave 5, which is approximately 92% completed and expected to be completed in 3Q2023, has also enabled advanced lease negotiations with three high-specifications tenant prospects in the semiconductor, lifestyle, and industrial manufacturing sectors.

The redevelopment of 21B Senoko Loop has recently completed Phase 1A of the redevelopment works and is approximately 71% completed as at 30 June 2023. Expected to complete by 1Q2024, the asset will be Green Mark Gold certified and is expected to generate a yield on cost of approximately 6.6%. NTS Components Singapore Pte Ltd will fully lease the property for 15 years upon completion.

In 1H2023, E-LOG entered into a non-binding Heads of Agreement with the prospective master tenant at 2 Fishery Port Road to redevelop the facility. The Manager intends to redevelop the existing dated cold storage facility into a modern ramp-up high-specification cold storage facility fitted with an Automated Storage Retrieval System (ASRS) for frozen food products and expects the AEI to generate a yield on cost of approximately 7.0%. With plans for the redevelopment to be Green Mark Platinum certified, tender for construction works has commenced with construction expected to begin in 4Q2023 for a period of approximately 29 months. The Manager will provide announcements accordingly upon any developments or signing of definitive agreements.

Divestments of Non-Core Assets

In 1H2023, E-LOG achieved a significant milestone in its Capital Recycling strategy with the proposed divestment of seven non-core assets in Singapore and Australia aggregating S$337.0 million[4,5].

The non-core assets included in the proposed divestment, in line with the Manager's 4R strategy, exhibits one or more of the following characteristics: (i) short underlying land lease; (ii) small in size; (iii) limited AEI and/or redevelopment potential; or (iv) dated property specifications. Specifically, for the portfolio of five Singapore assets divested for S$313.5 million at a 5.1% discount to valuation, the properties have an average remaining land lease of approximately 25 years. The Manager believes that the divestment of these non-core assets is in the best interests of Unitholders given the accelerated rate of decline for short land leases and expected increase in capitalisation and discount rates, resulting in a potential double whammy on portfolio valuation. In addition, CBRE Singapore was appointed to manage the price discovery process.

In 1H2023, the Manager also announced the completion of the divestment of 49 Pandan Road. Coupled with the proposed divestment of seven non-core assets in Singapore and Australia, as well as the equity fund raising conducted during the period, E-LOG's pro forma gearing is expected to reduce to 33.6%[6] and will provide significant debt headroom for E-LOG to optimise its capital structure and recycle capital towards higher quality New Economy assets to rejuvenate its portfolio.

<u>Prudent Capital Management</u>

As at 30 June 2023, E-LOG's gearing stood at 39.4% and 74.8% of its interest rate exposure is fixed with a weighted average fixed debt expiry of 1.7 years. E-LOG's debt expiry profile remains well spread out with weighted average debt expiry at 2.6 years and all-in cost of debt at 3.96% per annum. At the end of 1H2023, E-LOG had a debt headroom of S$513.7 million[7] and access to S$239.3 million of committed undrawn revolving credit facilities. Furthermore, all debt which are expiring in FY2023 have been refinanced, as such there are no refinancing risks posed for E-LOG for the remaining of FY2023. E-LOG remains well supported by 10 banks.

<u>Market Outlook</u>

The International Monetary Fund has reviewed the scenario of global growth and is forecasting a deceleration in growth from 3.4% in 2022 to 2.8% in 2023. The high interest rate environment and tepid demand growth from China's reopening continues to weigh down on the recovery of the global macro economies and real estate transactions. Continual interest rate hikes are expected despite easing

---

4 Refer to announcements dated 23 June 2023 titled "Proposed Divestment of a Portfolio of 5 Assets with an Aggregate Sale Consideration of S$313.5 million" and "Divestment Of 22 Chin Bee Drive In Singapore And 51 Musgrave Road In Australia At 6.2% And 2.4% Premium To Valuation Respectively"

5 Based on foreign exchange rate of A$1:S$0.9065

6 On a FY2022 pro forma basis. Including (i) the Equity Fund Raising and the divestment of 49 Pandan Road, assuming the net proceeds from the Equity Fund Raising and the divestment of 49 Pandan Road, together with the net proceeds from the divestments announced on 23 June 2023, were fully used to repay existing debt and (ii) the redemption of perpetual securities completed on 1 February 2023

7 Based on gearing limit of 45% even though E-LOG's regulatory gearing threshold remains at 50%

inflation as underlying price pressures are proving sticky with the tight labour market conditions present in many global economies.

Singapore

Based on advance estimates released by the Ministry of Trade and Industry ("**MTI**") on 25 May 2023, Singapore's economy grew by 0.4% year-on-year ("**y-o-y**") in 1Q2023, a moderated growth as compared to 2.1% growth in 4Q2022[8]. On a quarter-on-quarter seasonally adjusted basis, the economy contracted by 0.4%, a pullback from the 0.1% growth in the previous quarter.

According to JTC's market report for 1Q2023, the occupancy rate of the overall industrial property market dipped slightly to 88.8% in 1Q2023 from the 89.4% recorded in the previous quarter[9]. The drop was mainly due to a fall in occupancy of the warehouse and business park segments. Notwithstanding the slight fall in occupancy, price and rental indices of all industrial spaces continue to trend higher, rising by 1.5% and 2.8% respectively.

During 1H2023, the Manager secured leases of approximately 119,600 sqm of space comprising approximately 32,800 sqm of new leases and 86,800 sqm of lease renewals. Global macro events continue to pose uncertainties for major economies with selected technology and R&D industries giving up space in 2Q2023. Prime logistics rental continued to clock growth by 8.6% in 1H2023 due to the limited supply and expansion requirements seen by third-party logistics providers and wholesale trade in the logistics and warehouse segment[10].

Rental growth will primarily be driven by the logistics and high-specs segments due to continued deep economic structural trends towards New Economy assets although the overall industrial rental growth is expected to moderate in 2H2023 with weakening demand growth from continued inflationary pressures and high interest rates.

Australia

The Reserve Bank of Australia ("**RBA**") shared in a recent statement that inflation is likely to have peaked in 2022 but will remain high in 2023. Inflation for consumer goods has steadily declined; but this was offset by an increase in service inflation due to demand for services returning to pre-pandemic levels[11]. Inflation is expected to moderate in 2023 due to the easing of supply chain challenges, recent declines in commodity prices and slower growth in demand.

New supply is expected to reach a record high of 3.1 million sqm, of which 13% has been completed in 1Q2023. This is 90% higher than the long-term average and is owed to the disruptions in supply chains and construction delays, resulting in a push back in completion of buildings from 2022 to 2023.

---

8 Based on Advance GDP Estimates for First Quarter 2023 released by Ministry of Trade and Industry (MTI) on 25 May 2023

9 Based on JTC 1Q2023 Industrial Property Market Statistics

10 Based on In the Shadows Q2 2023, by CBRE

11 Based on by Reserve Bank of Australia's statement on May 2023

Approximately 690,000 sqm of new warehouse space was completed nationally in 2Q2023, with Sydney and Melbourne capturing 71% of the supply[12]. The new supply for 2024 is expected to surpass 2023 and reach 3.6 million sqm as some projects were pushed to 2024.

The persistent tight leasing market in the Australian industrial space continues to put an upward pressure on rents due to the ongoing mismatch in supply and demand. Despite the increase in supply, tenants' appetites remain unsatiated, leading to record high yearly growths ranging from 21.5% to 26.5% on national level for super prime, prime and secondary rent. This was led by Sydney clocking the highest super prime y-o-y rental growth of 38.1%, followed by Perth and Melbourne at 30.0% and 23.4% respectively. The land values peaked in 2022 after a strong run and subsequently slowed down to a 5.5% annual growth in 2023, however they could come under pressure from rising cap rates in the year ahead[13]. The leasing activity in 2023 is likely to slow given that approximately 80% of the 2023 pipeline has already been pre-committed.

Japan

New Large Multi-Tenant (LMT) logistics facility supply for Greater Tokyo rose by 324,000 tsubo in 1Q2023, above the record 260,000 tsubo. The increased supply has led to a 2.5% vacancy rate in Greater Tokyo, surpassing 2% for the first time since 1Q2019. The large supply is in response to the lack of supply seen during the pandemic, and logistics facilities were prioritised to meet the demand.

Logistics operators are facing higher operating costs due to labour shortage and high energy prices. This has resulted in landlords experiencing challenges in increasing rents as tenants are operating on increasingly thin margins.

In Greater Tokyo, the effective rents remained the same quarter-on-quarter in 1Q2023 for areas further from the city centre and with abundant new supply in the pipeline. Forecasted rents are expected to be flattish moving into 2023 and 2024 for most of Greater Tokyo, apart for Tokyo Bay Area due to lack of supply and its location being closest to Tokyo City.

Looking Ahead

With varied monetary policy decisions and changes in interest rates by central banks around the world and tepid demand growth from China's reopening, the continued interest rate hikes will influence borrowing costs, dampen demand, and alter investors' risk appetite. The outlook is cautious in the second half of 2023 although the logistics sector is expected to continue displaying positive rent reversions and demand growth, albeit at a slower rate.

Mr. Adrian Chui added, "The key risk in the second half of 2023 is the continued rise in interest rates and its negative impact on asset valuations, DPU, and gearing. However, the equity fund raising and

---

12 Based on Australian Industrial & Logistics Snapshot Q2 2023 by Colliers

13 Based on JLL Australia Logistics & Industrial Q1 2023

divestment of non-core assets have recapitalised and strengthened our balance sheet with lower gearing and alleviated the concerns of gearing pressures, enabling us to weather the continued high interest rate environment and valuation concerns. Additionally, E-LOG stands ready with a strong financial position and significant debt headroom amidst an expected asset repricing environment, to capture investment opportunities which may arise for E-LOG to augment our portfolio rejuvenation strategy towards modern, in-demand New Economy assets."

-End-

For media and analyst enquiries, please contact:

ESR-LOGOS Funds Management (S) Limited

Lyn Ong
Senior Manager,
Capital Markets and Investor Relations
Tel: +65 6222 3339
Email: lyn.ong@esr-logosreit.com.sg

Sua Xiu Kai
Assistant Manager,
Corporate Communications
Tel: +65 6222 3339
Email: xiukai.sua@esr-logosreit.com.sg

About ESR-LOGOS REIT

ESR-LOGOS REIT is a leading New Economy and future-ready Asia Pacific S-REIT. Listed on the Singapore Exchange Securities Trading Limited since 25 July 2006, ESR-LOGOS REIT invests in quality income-producing industrial properties in key gateway markets.

As at 30 June 2023, ESR-LOGOS REIT holds interests in a diversified portfolio of logistics properties, high-specifications industrial properties, business parks and general industrial properties with total assets of approximately S$5.5 billion. Its portfolio comprises 81 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (60 assets), Australia (20 assets) and Japan (1 asset), with a total gross floor area of approximately 2.3 million sqm, as well as investments in three property funds in Australia. ESR-LOGOS REIT is also a constituent of the FTSE EPRA Nareit Global Real Estate Index.

ESR-LOGOS REIT is managed by ESR-LOGOS Funds Management (S) Limited (the "**Manager**") and sponsored by ESR Group Limited ("**ESR**"). The Manager is owned by ESR (99.0%) and Shanghai Summit Pte. Ltd. (1.0%), respectively.

For further information on ESR-LOGOS REIT, please visit www.esr-logosreit.com.sg.

About the Sponsor, ESR

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With approximately US$150 billion in total assets under management (AUM), its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US$46 billion. ESR's purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit www.esr.com

Important Notice

The value of units in ESR-LOGOS REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of ESR-LOGOS Funds Management (S) Limited ("**Manager**"), Perpetual (Asia) Limited (in its capacity as trustee of ESR-LOGOS REIT) ("**Trustee**"), or any of their respective related corporations and affiliates (individually and collectively "**Affiliates**"). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-LOGOS REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-LOGOS REIT, any particular rate of return from investing in ESR-LOGOS REIT, or any taxation consequences of an investment in ESR-LOGOS REIT. Any indication of ESR-LOGOS REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This news release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-LOGOS REIT's future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This news release is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this news release is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-LOGOS REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.