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

ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING
TO BE HELD ON 23 APRIL 2025
DETAILED RESPONSES TO KEY QUESTIONS FROM UNITHOLDERS

ESR-REIT Management (S) Limited, the manager of ESR-REIT (the "Manager"), would like to thank all unitholders of ESR-REIT ("**Unitholders**") who have submitted their questions in advance of our Annual General Meeting to be held on Wednesday, 23 April 2025 at 10.00 a.m. (Singapore time) and Extraordinary General Meeting to be held on Wednesday, 23 April 2025 at 12.00 p.m. or as soon as the AGM to be held at 10.00 a.m. on the same day is concluded or adjourned. The Manager's responses to the key questions received from Unitholders can be found in the Appendix to this announcement.

As there was substantial overlap between the questions received from Unitholders, we have, for Unitholders' easy reference and reading, summarised some of the questions and also grouped related and similar questions and our responses together. Accordingly, not all questions received from Unitholders may be individually addressed.

BY ORDER OF THE BOARD

ESR-REIT Management (S) Limited
As Manager of ESR-REIT
(Company Registration No. 200512804G, Capital Markets Services Licence No. 100132)

Adrian Chui
Chief Executive Officer and Executive Director
18 April 2025

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APPENDIX

1) **The valuation of the Australia portfolio was S$670 million in 2023 and S$550 million in 2024 post the divestment of S$65.5 million. Can management explain the decrease in valuation of the Australian properties of approximately S$54 million? Specifically did this primarily relate to a particular property, and what were the main reasons for the significant decrease in valuation?**

    - The decrease in valuation was primarily attributable to the cyclical expansion of capitalisation and discount rates by up to 50 basis points broadly across our Australian portfolio in 2024. This adjustment reflects the broader market response to the prevailing high inflation and interest rate environment in Australia. This is a reversal of capitalisation and discount rate contractions observed in 2022 and 2023 prior to the onset of the inflationary environment.

2) **The sponsor of ESR-REIT, ESR, is currently subject to a privatisation offer at HKD 13 per share. Assuming the privatisation exercise is successful, what would be the potential impact on ESR-REIT? Please explain and elaborate on any implications this may have on the REIT's operations, strategic direction, or access to capital and support from the sponsor.**

    - In December 2024, ESR, the sponsor of ESR-REIT, received a privatisation proposal from a consortium made up of a group of leading investment firms which will be able to provide long-term capital to weather near-term macro-economic challenges and support ESR's strategic transformation. The announced privatisation is in relation to ESR, that is currently listed on The Stock Exchange of Hong Kong.
    - The transaction is subject to certain conditions, including regulatory clearances and independent shareholder acceptance. As this is an ongoing process, we cannot provide comments beyond the information that has been disclosed in the announcements made by ESR that are available on the websites of ESR and The Stock Exchange of Hong Kong.
    - For ESR-REIT, the strategy and business model does not change whether its sponsor, ESR, remains listed or is a private company. The sponsor’s strategy is to grow its industrial and logistics business within the APAC region as well as support its long-term capital vehicles, such as ESR-REIT.

3) **On page 22 of the Annual Report, the Distribution Per Unit (“DPU”) of the REIT has been steadily declining and dropped to a new low of 2.119 cents from 2.564 cents last year. When will the DPU reverse its downward trend and recover? Please explain and elaborate.**

    - The decline in DPU is a result of the execution of ESR-REIT’s “4R Strategy,” particularly the Portfolio Rejuvenation pillar. Under this strategy, ESR-REIT has actively rejuvenated its portfolio through the divestment of non-core assets and the undertaking of redevelopment and asset enhancement initiatives (“AEIs”), with the aim of improving overall portfolio and earnings quality, in particular for short land lease tenure of industrial properties in ESR-REIT’s Singapore portfolio which are subject to land lease decay thereby limiting valuation upside. When assets are divested and properties decommissioned to undergo AEIs & Redevelopments to keep assets relevant, there will be no income and hence DPU drops accordingly.
    - In FY2023 and FY2024, ESR-REIT divested approximately S$534.6 million worth of non-core assets. These divestments, along with the early decommissioning of 2 Fishery Port Road in preparation for redevelopment and ongoing AEIs, led to a temporary reduction in Gross Revenue and Net Property Income, thereby impacting DPU in the short term.

- The proceeds from the divestments and earlier equity fund raising in 2023 were only deployed in end-November 2024 into the acquisition of two high-quality New Economy assets: the freehold ESR Yatomi Kisosaki Distribution Centre in Japan and a 51% interest in 20 Tuas South Avenue 14 in Singapore, which has a long remaining land lease tenure of 44 years. Together with the completion of the redevelopment at 21B Senoko Loop, the acquisitions and completed AEIs are expected to contribute meaningfully to ESR-REIT's earnings from FY2025 onwards.
- On top of the revenue contribution, the portfolio and earnings quality has improved with the portfolio's weighted average land lease tenure increase from 37.4 years in FY2022 to 43.8 years in FY2024, while the proportion of freehold and long-tenure (>30 years) assets has risen substantially from 54.2% in FY2022 to 71.6% in FY2024. The percentage of New Economy assets has also grown from 62.8% in FY2022 to 70.2% in FY2024, reinforcing the portfolio's relevance in a dynamic industrial landscape. This will reduce the negative impact of land lease decay (due to short land leases) on NAV moving forward.
- We urge unitholders to refer to our FY2024 Results Highlights Presentation page 5 – 6 and 8 and the upcoming ESR-REIT 1Q2025 Interim Business Update for more information on the positive impact of the 4R Strategy on the REIT's financial and portfolio metrics.

4) On page 22 of the Annual Report, the NAV ("Net Asset Value") of the REIT has been steadily declining and dropped to a new low of 27.5 cents from 32 cents last year. When will the NAV reverse its downward trend and recover? Please explain and elaborate.

- The decline in ESR-REIT's NAV in recent years is primarily due to the impact of land lease decay, particularly for Singapore properties with shorter remaining land lease tenures of 15 years or less.
- In addition, the early decommissioning of 2 Fishery Port Road in preparation for redevelopment contributed to the NAV decline. Once decommissioned, only the land value is recognised, resulting in a significant reduction in the property's valuation – from S$103.5 million as at 31 December 2023 to S$40.0 million as at 31 December 2024.
- The Australia portfolio also saw a valuation decline in FY2024 due to capitalisation rate expansion, reflecting the effects of the higher-for-longer interest rate environment. The weakening of the AUD against SGD also contributed to the NAV decline of the Australian assets in SGD terms.
- To mitigate the impact of land lease decay on the valuation of ESR-REIT's portfolio, the REIT has actively executed its "4R Strategy", particularly the Portfolio Rejuvenation pillar, which involves the divestment of non-core assets and the undertaking of redevelopment and asset enhancement initiatives ("AEIs"), with the aim of improving overall portfolio and earnings quality.
- In FY2023 and FY2024, ESR-REIT divested approximately S$534.6 million worth of non-core assets with relatively shorter land leases, at a premium of 2.5% above valuation.
- With the recycling of capital into the freehold ESR Yatomi Kisosaki Distribution Centre in Japan, and a 51% interest in 20 Tuas South Avenue 14 in Singapore, which has a long remaining lease tenure of 44 years, the land lease decay issue plaguing Singapore assets is expected to be much reduced. Furthermore, the valuation of 2 Fishery Port Road is expected to improve upon completion of its redevelopment, contributing positively to NAV recovery over time.

5) **It is widely reported that business park occupancy across the market is under pressure. According to Savills, vacancy levels in business parks reached a 14-year high in 4Q2024. As ESR-REIT owns several business park properties, it has similarly been affected.**

What initiatives is the REIT undertaking to improve occupancy at its business parks? With new developments such as the Punggol Digital District (“PDD”) and Science Park on the horizon, when does ESR-REIT anticipate the sector to recover? Is the current strategy to wait out the downturn, or is the REIT considering other options, such as divestment and redeployment of capital into higher-yielding assets?

Please provide a detailed explanation of the REIT’s strategic approach and outlook for its business park portfolio.

- ESR-REIT owns three Business Park assets in Singapore: 16 International Business Park (“16IBP”), ESR BizPark @ Changi (“BPCG”) and ESR BizPark @ Chai Chee (“BPCC”). Collectively, these three assets accounted for 15.8% of ESR-REIT’s Assets Under Management as at 31 December 2024.
- As at 31 December 2024, 16IBP was 100% occupied under a long-term Master Lease to a single user, outperforming the average occupancy rate of 64.4% reported by the media for Business Parks in the west region of Singapore. BPCG recorded an occupancy rate of 77.5%, and BPCC stood at 72.5%, both above the 70.8% average occupancy rate for Business Parks in the east region.
- BPCG is the largest of the three Business Park assets in ESR-REIT’s portfolio. To drive leasing momentum, ESR-REIT has adopted innovative leasing strategies, including contributing upfront fit-out capital expenditure and amortising the cost into monthly rents for tenants. This approach reduces upfront capital outlay for tenants, improving affordability and attractiveness. As a result, BPCG’s occupancy increased from 70.1% as at 31 December 2023 to 77.5% as at 31 December 2024.
- The new Business Park supply in Science Park is largely designed for and targeted at the life sciences sector, thus serving a different tenant base as compared to International Business Park and Changi Business Park. While there may be some overlap in usage with PDD, the rental rates in Science Park and PDD are significantly higher compared to Changi Business Park, which offers strong locational advantages, including MRT connectivity, hotels, eateries, proximity to Changi Airport, and an established ecosystem of banking back-office operations.
- While the Business Park segment continues to deliver income, leasing challenges remain for the sector and it is considered non-core to ESR-REIT, which remains focused on the New Economy sectors of Logistics and High-Specifications Industrial assets. Accordingly, ESR-REIT may explore divestment opportunities for these Business Park assets if the right value and timing present themselves. The divestment proceeds may then be deployed to repay borrowings, finance asset enhancement initiatives, unit buybacks and/or the acquisition of assets in the New Economy sectors.

6) **From personal observations, companies that have undertaken share consolidations often experience a decline in share price (adjusted for the consolidation ratio). Did ESR-REIT conduct a study on the performance of other REITs post share consolidation – specifically, how many saw an increase versus a decrease in share price following the exercise? If such a study was conducted, please share the findings.**

   Many shareholders are concerned that the proposed share consolidation may lead to further decline in ESR-REIT's share price. How confident is the management team that this exercise will result in a positive re-rating or increase in the unit price? Kindly explain the rationale behind the consolidation and address these concerns in detail.

   Unit price movements are affected by many factors including industry trends, macroeconomic conditions, supply and demand in the stock market, company performance and arbitrage traders. Theoretically, a unit consolidation does not increase or decrease the unit price.

   1) As outlined in the Circular, the Proposed Unit Consolidation was undertaken to reduce the impact of bid-ask spread movements on ESR-REIT's Unit price volatility. Under SGX's rules, the minimum bid-ask spread is S$0.005 per tick for counters trading below S$1.00. At the assumed unit price of S$0.260, a S$0.005 movement represents a 1.9% fluctuation.

      Post-consolidation, with an assumed unit price of S$2.60, the SGX-mandated bid-ask spread increases to S$0.01 per tick (for counters above S$1.00), which represents only a 0.4% fluctuation.

      To illustrate further, a S$0.01 movement in an assumed post-consolidation unit price of S$2.60 results in a 0.4% change, compared to a 3.8% change if the same S$0.01 movement were applied to the assumed pre-consolidated price of S$0.260.

      As such, the Proposed Unit Consolidation potentially reduces the percentage change fluctuation in the trading of ESR-REIT's Units, reducing excessive volatility in its market capitalisation, especially in risk off market conditions like those post "Liberation Day" tariffs announcement by the US, and allowing for Unit price movements that are more consistent with the underlying performance of the REIT.

   2) The Proposed Unit Consolidation **reduces interest from share speculators or punters, arbitrage traders and short sellers** who may have shown interest in ESR-REIT due to its trading range of S$0.225 to S$0.485 since 1 January 2022 – levels typically associated with "penny stocks". By increasing the Unit price, the Proposed Unit Consolidation **raises the barrier of entry** for speculative trading, leading to **greater price stability and less susceptibility to short-term trading** (i.e., less volatile), thus being more reflective of the REIT's expected performance. While certain levels of volatility can enhance liquidity, excessive speculation or the presence of punters is not in the best interest of Unitholders. We have taken into consideration feedback from both institutional investors and retail Unitholders on the unit price volatility, and upon weighing the merits and potential downside of unit consolidation exercises, we are of the view that the merits of a unit consolidation outweigh the potential downside.

   3) Further, the Proposed Unit Consolidation will result in higher Unit price denomination, which will **reduce brokerage trading costs** relative to the trading price for each board lot of Units.

4) For reference, we studied the case of Stoneweg European REIT (formerly known as Cromwell European REIT) which undertook a 5-for-1 unit consolidation on 5 May 2021, as the most relevant comparable. Based on Bloomberg data:
    - **Trading price was higher than the theoretical post consolidation price:** the 1-year Volume Weighted Average Price (VWAP) increased from €0.448 pre-consolidation to €2.469 post-consideration, exceeding the theoretical post consolidation price of €2.24.
    - **Stock's volatility decreased:** The 1-year Beta (measurement of market volatility) against the FTSE ST REIT Index fell from 0.817 pre-consolidation to 0.604 post-consolidation, indicating a lower sensitivity to overall market movements.

About ESR-REIT

ESR-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-REIT invests in quality income-producing industrial properties in key gateway markets.

As at 31 December 2024, ESR-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$6.0 billion. Its portfolio comprises 72 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (52 assets), Australia (18 assets) and Japan (2 assets), with a total gross floor area of approximately 2.5 million sqm, as well as investments in three property funds in Australia. ESR-REIT is also a constituent of the FTSE EPRA Nareit Global Real Estate Index.

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

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

About the Sponsor, ESR

ESR is Asia-Pacific's leading New Economy real asset owner and manager. With our core focus in logistics real estate, data centres, and infrastructure, we power the supply chain for investors, customers, and communities. Through our fully integrated real asset fund management and development platform, we strive to create value and growth opportunities for our global portfolio of investors. We offer our customers modern space solutions to realise their ambitions across Australia and New Zealand, Japan, South Korea, Greater China, Southeast Asia, and India, including a presence in Europe. Our purpose, Space and Investment Solutions for a Sustainable Future, drives us to manage sustainably and impactfully for the communities we serve to thrive for generations to come. Visit www.esr.com for more information.

Important Notice

The value of units in ESR-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-REIT Management (S) Limited ("**Manager**"), Perpetual (Asia) Limited (in its capacity as trustee of ESR-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-REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-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 announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT's future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This announcement 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 announcement is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.