

Message from Group Co-founders & Co-CEOs



STUART GIBSON AND JINCHU SHEN

Group Co-founders & Co-CEOs

The transformational integration after the acquisition of ARA has expanded ESR's size and scale, and we are continuously harnessing areas of synergies across our businesses, overall capabilities, scope and market presence to drive efficiencies.

ESR delivered a set of outstanding results in 2022 — a transformational year for the Enlarged Group after the acquisition of ARA. With increased scale and reach, the Group continued to leverage APAC's leading New Economy real estate platform, which further propelled our strength and resilience as Asia Pacific's largest real asset manager. Despite the challenging global macro issues, ESR has entered 2023 from a position of fundamental strength with a well-capitalised balance sheet to take advantage of market dislocation and seize on new opportunities.

Exceptional fund management performance

In 2022, we generated an exceptional year of raising capital as APAC remains the engine of growth for New Economy assets (i.e. logistics and data centres). The region's industrial and logistics sector grew through the pandemic and will continue to generate more opportunities as China finally emerged from its zero-COVID policy. Given the under allocation of funds in Asia Pacific, and the secular trends that underpin the Group's growth, a big focus for us is to drive investments in sectors which are adjacent to logistics, such as renewables, data centres, life sciences and infrastructure to drive synergies, which add significantly to what we do.

Our key milestone fund initiatives in 2022 include our US\$1 billion inaugural APAC data centre fund comprising a development pipeline of eight seed projects; our first US\$1 billion infrastructure and renewables fund in ASEAN, in partnership with Export-Import Bank of China and our first collaboration between ESR and LOGOS in the Pan Asia core plus discretionary fund with US\$250 million of initial equity commitments, investing in prime logistics assets in the APAC region.

Record high leasing and rental reversions with close to zero vacancies in most markets

We are pleased that the Group achieved strong leasing in 2022 with a record of over 4.6 million sqm¹ of space leased, driven by e-commerce acceleration and supply chain resilience which continues to generate demand for modern, institutional-grade logistics facilities in key gateway markets. We have witnessed the portfolio occupancy at record levels of 95%¹ (98%¹ ex-Greater China), with close to full occupancies in Australia/New Zealand, Japan, India and South Korea. With high occupancy generating strong rental growth in many of the markets where the Group operates, ESR has seen an overall positive weighted average portfolio rental reversion of 7.5%^{1,2} which was recorded across the New Economy portfolio. In fact, with one-third of our leases due in the

Notes:

1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. Weighted by AUM.

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next 24 months and development completions between 4 to 5 million sqm³, the Group is well-positioned to benefit from the outsized rental growth across major markets.

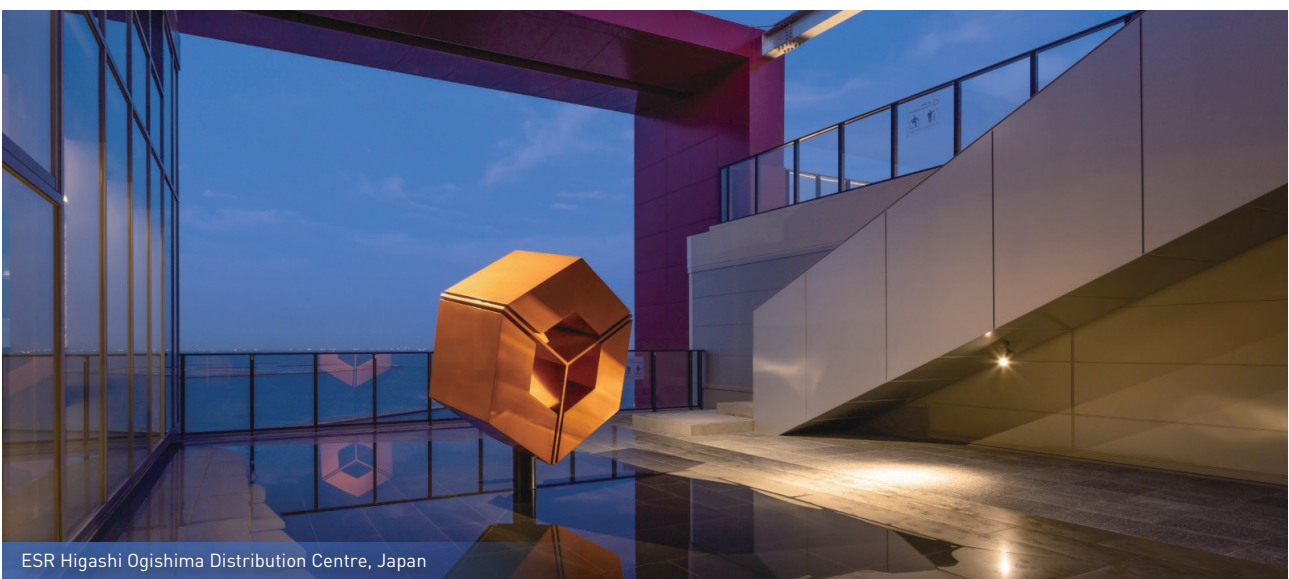
Pushing new frontiers with New Economy development

With the largest development workbook in APAC, our development pipeline comprises a number of landmark projects that are set to create new benchmarks in the market. These best-in-class facilities include the ESR Yokohama Sachiura Logistics Park in Greater Tokyo, a multi-phase development which provides approximately 720,000 sqm logistics space over four phases, set to be the largest logistics park (by value) in Japan and one of the largest ever developed (by value) in APAC upon completion. Other major projects include one of Japan's tallest distribution centres, the nine-storey ESR Higashi Ogishima Distribution Centre, with a GFA of 365,385 sqm; the collaboration between LOGOS and its partners in developing the US\$3 billion Moorebank Logistics Park, Australia's largest intermodal logistics facility at Moorebank and our partnership with PGIM Real Estate in a build-to-suit redevelopment facility in Singapore for POKKA, which has signed a 10-year lease to commit a minimum of 70% of the building space.

Synergies to drive efficiencies and organisational excellence

The transformational integration after the acquisition of ARA has expanded ESR's size and scale, and we are continuously harnessing areas of synergies across our businesses, overall capabilities, scope and market presence to drive efficiencies. We have tapped into our talent pipeline across ESR and LOGOS to provide leadership support for LOGOS's China and Indonesia businesses. In addition, we have set up new functions to leverage LOGOS's established expertise in domains such as Insurance and Business Resilience and Health & Safety Functions at Group level. Across the Group, we have centralised capital raising functions to strengthen the strong investor relationships we have across the businesses and enhance the expertise of our inhouse capital raising teams. The Group will continue with our integration efforts to achieve further synergies.

To meet the future people pipeline as the Group forges ahead with the growth of e-commerce, accelerated digitalisation and financialisation of real estate, we have established an official Talent Management and Learning team as an independent Centre of Excellence (COE) within the Group HR function to drive group-wide talent management and learning strategies and initiatives.



ESR Higashi Ogishima Distribution Centre, Japan

Note:

3. New Economy assets only. Excludes listed REITs and Associates.

Shaping a sustainable future

We have made significant progress across the three key pillars under our ESG Framework — “Human Centric”, “Property Portfolio” and “Corporate Performance”.

As an Enlarged Group, we are committed to drive best-in-class ESG practices as a unified platform for our stakeholders. To build a more inclusive and equitable workplace, we increased the proportion of women in senior management positions to 40%. We continued to foster a human centric environment in our design philosophy for our tenants, exemplified by the creation of nine BARNKLÜBB day-care centres at our distribution centres in Japan, to support employees and their families with greater flexibility and inclusiveness. In our commitment to health and safety, and well-being of our stakeholders, the Group worked closely with local authorities and industry bodies to maintain zero ESR workforce fatalities for our employees.

On the environmental front, the Group has installed close to 100 MW of rooftop solar power capacity across our assets globally, in line with our ESG 2025 Roadmap to maximise onsite renewable energy generation and sources in the transition to a low carbon future. In Japan, ESR is the first real asset manager to work with Enerbank to issue Renewable Energy Certificates (“RECs”) to tenants from solar power generated from our assets’ rooftops. The Group also continues to pursue our target of obtaining sustainable building certificates for 50% of our portfolio, to enhance operational efficiency.

In recognition of our ESG performance in various leading global sustainability benchmarks and rankings — the Group has attained outstanding results in the 2022GRESB Assessment and achieved “A” in MSCI ESG Rating and “Low Risk” in Sustainalytics.

Looking ahead

While we remain cautious about the changing external environment, we are in a strong position to weather any unforeseen headwinds and capitalise on opportunities that may present themselves. ESR will continue to further strengthen our market-leading position in New Economy real estate and our REITs across APAC while starting to build up a scaled infrastructure and renewables platform. We remain focussed on accelerating our asset light trajectory, maintaining cost discipline which continues to drive fund management EBITDA margin improvement and further diversify our funding sources and lower our borrowing costs.

In addition, our ambition is to push forward our ESG and sustainability efforts, embedding them in all aspects of our operations as we embark on our Group-wide ESG 2025 Roadmap to shape a low carbon and climate resilient future.

We would like to thank our local management teams for their dedication and commitment in this incredible transformation of the Group, and our Board of Directors for their vision and guidance. In addition, we are grateful to our customers and investors for their trust in us as a Partner of Choice.

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22 March 2023