Operations Review

AT A GLANCE

FY2022 KEY HIGHLIGHTS

- Total AUM of US$156 billion[1]
- New Economy AUM of US$73 billion[1]
- Portfolio GFA over 45 million sqm[2]
- Strong repeat support from world's top investors with 12 of Global Top 20 LPs

#1 REAL ASSET INVESTMENT MANAGER IN ASIA POWERED BY THE NEW ECONOMY

The completion of the acquisition of ARA has vastly expanded the scale, capabilities, offerings and resources of ESR. As APAC's largest real asset manager and the third largest listed real estate investment manager globally with a total AUM[1] of US$156 billion, the ESR Group maintains a dominant leadership position with approximately 85% of its AUM allocated in APAC.

With the addition of LOGOS, ESR Group cements its position as APAC's largest New Economy real estate platform with a leading position in every key market in APAC with the ability to offer a comprehensive pan-Asia solution to its customers and capital partners.

We use in-house capabilities to source, design, construct, lease and manage modern logistics facilities primarily in Tier 1 and Tier 1.5 cities across Asia and our geographic presence extends across more than 95% of GDP in Asia Pacific. ESR Group is the only player with leadership presence across APAC and is powered by fully integrated and localised teams.

OUR THREE PILLARS OF BUSINESS

ESR uses capital to acquire land and finance the development of logistics properties. The capital comes either from our balance sheet or the funds and investment vehicles that we manage alongside our institutional capital partners. Ultimately, when the properties are built and stabilised, the assets are sold (often to other institutional capital partners so that we can retain the management and tenant relationships) and we recycle our portion of the sales proceeds to develop new projects. Based on our products and services, we have three reportable operating segments: development, fund management and investment.

ROBUST DIGITAL INFRASTRUCTURE PLATFORM-DATA CENTRES

Data centres are a key strategic focus for ESR as the Group seeks to build a broader New Economy real estate platform. ESR has built a solid foundation for its data centre platform through strategic acquisitions of prime assets in FY2022. The Group has the largest APAC dedicated data centre fund in the region. The data centre fund first closed at US$1 billion, and is expected to be upsized in the first half of 2023. The fund is expected to be

Cosmosquare OS1 Data Centre, Osaka, Japan

Notes:
1. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US$145 billion (US$11 billion FX translation impact), New Economy AUM would be US$68 billion (US$5 billion FX translation impact) and Fund AUM would be US$142 billion (US$10 billion FX translation impact).
2. Includes GFA held on balance sheet and in the funds and investment vehicles that managed as of 31 December 2022.

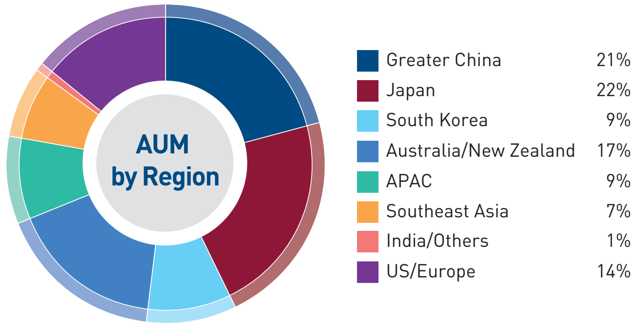
seeded by eight development projects comprising 560 MW of development projects bought in and an additional 30 MW of immediate pipeline assets. In 2023, five data centre projects are slated for construction across the APAC region. This includes Keihanna OS4 data centre in Osaka, Bupyeong KR1 data centre in Seoul, Kwai Chung HK data centre, Rabale MU1 data centre, as well as the 25 MW Cosmosquare OS1 data centre in Osaka which started construction in 2022 and is slated for completion in 2026.

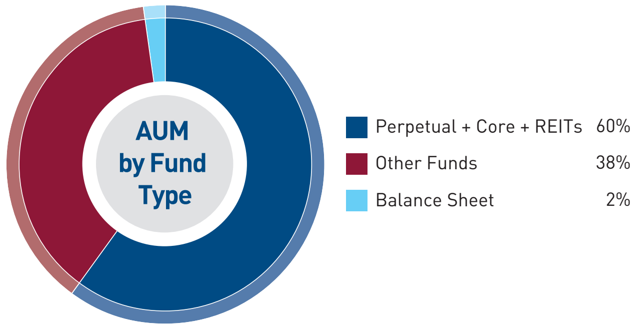
INFRASTRUCTURE

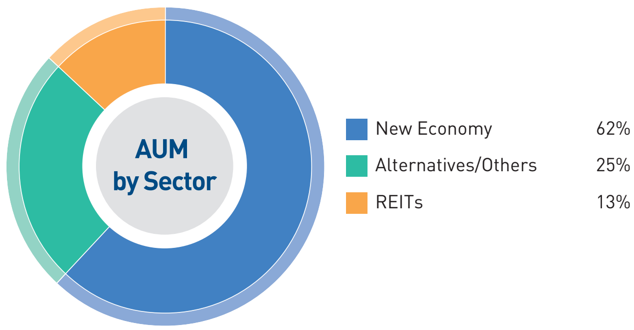
Another major milestone for the Group is the setup of our first US$1 billion Infrastructure Fund in November 2022, which is focussed on ASEAN. This marks an important step towards new investments into renewables and ICT subsectors, which leverage the Group's own "on the ground" franchise in Southeast Asia as well as the Group's push into alternatives including renewables. There are a few potential deals are in the pipeline, which include towers/fibre platforms in the Philippines, renewable energy portfolios in Vietnam and other infrastructure assets in Indonesia and Vietnam.

Underpinning our robust scale, the Group has great depth in offering a comprehensive real asset investment solutions ecosystem, of which US$106 billion in invested in private investment vehicles and US$46 billion in Public REITs. With our growing and extensive reach across Asia Pacific, we are well-positioned to support our tenants in their regional expansion plans.

Total AUM Composition







KEY DRIVERS OF OUR GROUP'S THREE BUSINESS SEGMENTS

	Investment	Fund Management	New Economy Development
Income	– **Completed B/S properties** ➢ Rental income + revaluation gains – **Fund co-investments**[1] ➢ Pro rata earnings – Listed securities ➢ Dividend income – Solar energy income	– Base / Asset management fees – Development fees – Acquisition fees – Leasing fees – Promote fees – Performance fees	– **B/S development profits** ➢ Revaluation gains on U/C properties + disposal gain on sale – **Funds' development profits**[1]
Expenses	– Direct costs for rental and solar energy income – Allocated administrative expense	– Allocated administrative expenses	– Construction costs – Allocated administrative expenses
Key drivers	✔ Rental growth and high occupancy ✔ Asset valuations ✔ High dividend payout from listed securities	✔ Strong Fund AUM growth ✔ Significant development pipeline in funds ✔ Favorable investment returns and performance fee opportunity	✔ Significant development pipeline (B/S, funds) ✔ Track record of strong development profit margins ✔ Asset recycling from B/S or development funds into core funds / REITs

Operations Overview

INVESTMENT SEGMENT

FY2022 KEY HIGHLIGHTS — STRONG PORTFOLIO FUNDAMENTALS DRIVE PERFORMANCE

- Healthy portfolio occupancy of 95%[1]
- Record high leasing of 4.6 million[2] sqm of logistics space across the portfolio
- Strong record high weighted average rental reversion of 7.5%[1,3]
- E-commerce and 3PLs comprise 64%[2,4], of combined portfolio
- Healthy weighted average lease expiry of 4.5 years by income[2]

ESR Kawasaki Ukishima Disturbtion Centre

Our investment segment is divided into three main categories:

(i) completed properties that we hold on our balance sheet, from which we derive total return, including rental income and appreciation in value; (ii) our co-investments in the funds and investment vehicles and the REITs we manage, from which we derive dividend income, pro rata earnings and/or pro rata value appreciation; and (iii) other investments, including our minority equity stakes in other companies.

We are able to develop properties without the need to source equity for every individual project and can warehouse properties on our balance sheet if necessary.

We use our strong balance sheet to acquire and own assets that have attractive risk-reward profiles and capture opportunities which may not fit the current investment criteria of our funds, and which may be used to seed future funds that we may establish. This provides attractive visibility to prospective capital partners and is an important advantage of our platform, which facilitates faster fundraising and enables us to realize development profits. Additionally, our investments in properties through our co-investments in the funds and investment vehicles we manage allow us to align our interests with those of our capital partners.

BALANCE SHEET PROPERTIES

The total AUM for the investment properties held on our balance sheet for the Enlarged Group was US$3.8 billion, accounting for approximately 2.4% of total AUM of across the portfolio as at 31 December 2022.

Refer to "Property Portfolio" on pages 42 to 43 for information on FY2022 balance sheet investment properties.

DRIVEN BY NEW ECONOMY

We lease the logistics facilities owned directly by us or by the funds that we manage to a broad range of large and mid-sized, multi-national and domestic high-quality tenants. These include leading e-commerce companies, 3PL providers, brick-and-mortar retailers, manufacturers, cold-chain logistics providers and others. The majority of tenants in our portfolio service domestic consumption in Asia Pacific as logistics infrastructure continues to evolve for the modern economy.

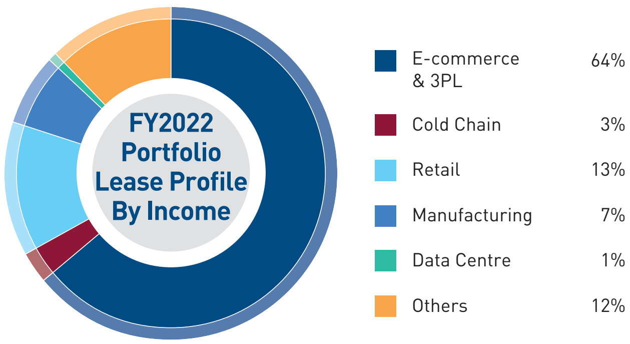
The Group's markets and leasing activity conditions remain healthy and we continue to witness strong inbound interest from our customers across nearly all of our markets. The Group achieved record leasing of 4.6 million sqm of logistics space, of which 3.5 million of space was leased to e-commerce and 3PL companies. The

Notes:
1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. New economy assets only. Excludes listed REITs and Associates.
3. Weighted by AUM of each respective country.
4. Based on stabilised assets on balance sheet and portfolio assets held in the funds and investment vehicles as of 31 December 2022.

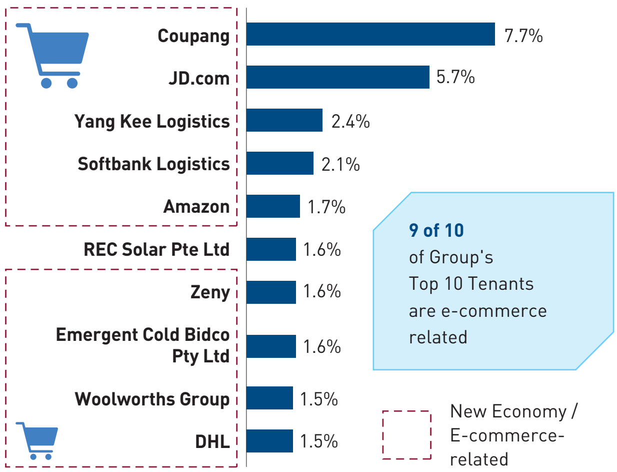
strong demand was largely been driven by e-commerce acceleration and supply chain resilience.

The Group's portfolio fundamentals remain robust with a healthy portfolio weighted average portfolio expiry of 4.5 years by income. In an inflationary environment with record low vacancies across our markets, ESR's portfolio is very well positioned to capture the potential outsized rental growth in the market.

E-commerce and 3PLs represent 64% of our portfolio lease profile by income in FY2022[1,2]. The top 10 tenants in the portfolio accounted for 27% of the FY2022 rental income and 23% of leased area[2]. Amongst our top 10 tenants, nine of ten are e-commerce related as New Economy remains the main driver for the Group.



Portfolio Top 10 Tenants By Income

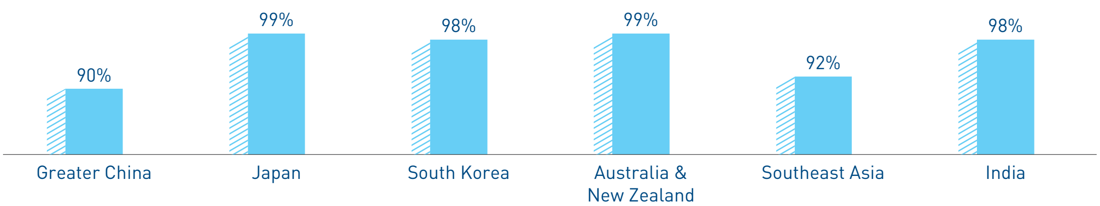


WELL-SPREAD LEASE EXPIRY PROFILE

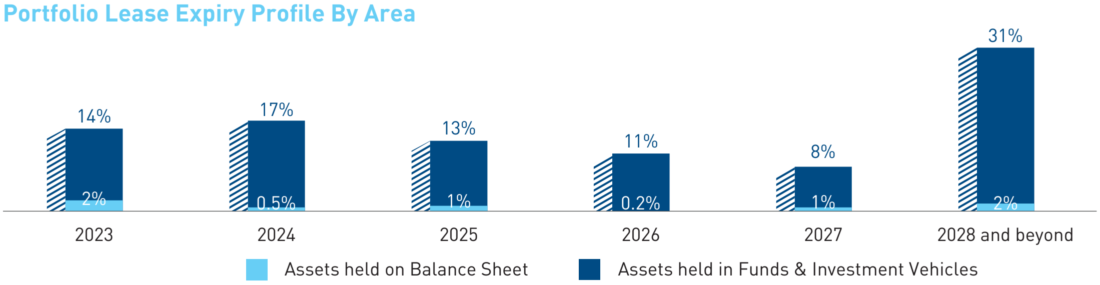
The Group's portfolio enjoys stability from its well-spread lease profile, with a weighted average lease expiry ("WALE") of about 4.3 years[2] by leased area and 4.5 years[2] by income as at 31 December 2022, providing a stable and secure income base while benefitting from upward rental growth momentum and external growth opportunities.

With close to full occupancies in most markets, the Group will continue to focus on maintaining healthy portfolio occupancy of 95%[1], and 98%[1] ex-China as of 31 December 2022.

Portfolio Occupancy By Region



Portfolio Lease Expiry Profile By Area



Portfolio Leasing Metrics[1,2]	FY2021 (ESR)	FY2022
Renewals (mil sqm)	0.6	1.3
New Leases (mil sqm)	2.7	3.3
Total Space Leased	3.3	4.6
Portfolio WALE		
(by area)	3.9 years	4.3 years
(by income)	3.9 years	4.5 years

Operations Review

FUND MANAGEMENT SEGMENT

FY2022 KEY HIGHLIGHTS

- Fund AUM increased 330% to US$152 billion[1]
- Record high US$19.9 billion of uncalled capital to be deployed
- 60%[2] of AUM from perpetual and core capital vehicles
- Raised US$7.6 billion of capital in FY2022

Opo Logistics Park, South Korea

FUND MANAGEMENT SEGMENT

We earn fee income from managing the underlying assets on behalf of our capital partners through the funds and investment vehicles we manage. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in a share of profits through promote after we have returned our investors' initial capital investment and upon exceeding target internal rates of return. The funds and investment vehicles we manage vary in risk profiles from private opportunistic development strategies to private core/core-plus income producing strategies and publicly listed REITs.

Our fund management platform offers a variety of products across the spectrum of geography, risk and liquidity to attract broad sections of the global investor universe, gives us the ability to manage the underlying assets across the development cycle and provides us with an efficient platform for recycling our own capital through the disposal of properties held on our balance sheet to the funds and other investment vehicles we manage or to third parties. We continuously enhance our portfolio and risk management processes to strive to meet our return objectives while mitigating risk at both the underlying asset and the fund level.

ESR Group is the largest sponsor and manager of REITs in APAC with 13 listed REITs representing over a 10% market share. This additional fund management income from predominantly perpetual and core-capital vehicles enhances the Group's resilience. We are committed to the long-term growth of all ESR-managed REITs and our sponsorship will include access to our strong portfolio of real estate properties as well as financial and operational support. The Group's continued commitment and support will ensure the REITs are well positioned to capture the largest secular trends and deliver long-term sustainable growth and expansion.

Fundraising momentum remains strong across the broader Group as we continue to deepen relationships with new and existing capital partners. For FY2022, ESR Group raised a substantial US$7.6 billion of capital through 28

Notes:
1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. ESR Group AUM as 31 December 2022. Perpetual and core capital vehicles are defined as core funds and public REITs for ESR and public markets assets (including Cromwell and Kenedix REITs) and core funds for ARA.

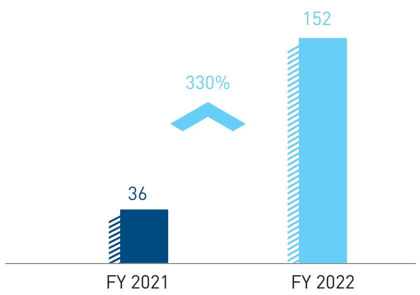
new/upsized funds/mandates, of which 85% of the capital raised was New Economy-focused and includes a new Pan Asian discretionary logistics core-plus vehicle.

As of 31 December 2022, The Group has a record US$19.9 billion of "dry powder" to capitalise on new opportunities, giving the Group the agility to take advantage of market dislocation.

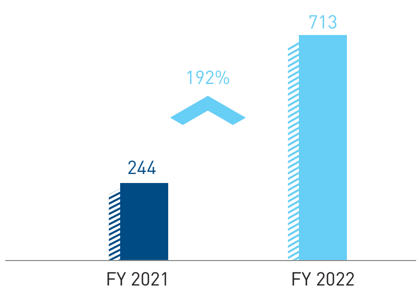
FY2022 FUNDRAISING

Fund Type	Region	Equity raised (US$ million)
Development	Greater China	442
	South Korea	500
	Australia & New Zealand	832
	Southeast Asia	169
	APAC	1,046
Core	Greater China	1,000
	Japan	476
	South Korea	70
	Australia & New Zealand	410
	Southeast Asia	366
	India	250
	APAC	250
	U.S. & Europe	292
Others	U.S. & Europe	526
	Southeast Asia	1,000
	TOTAL	**7,629**

Fund AUM (US$ billion)



Fund Income (US$ million)



ACCELERATING ASSET-LIGHT TRAJECTORY

ESR Group has expanded products and capital relationships to further accelerate our asset light trajectory to enhance ROI. In FY2022, the Group further lowered its average co-investment stake to 7.4%, placing it in a good position to take on greater development capacity, ESR continues to invests significant capital alongside its capital partners to align interests, while meaningfully enhancing the Group's tangible return on equity while maintaining sufficient funding capacity across the Group.

ESR continues to focus on increasing capital efficiency through:

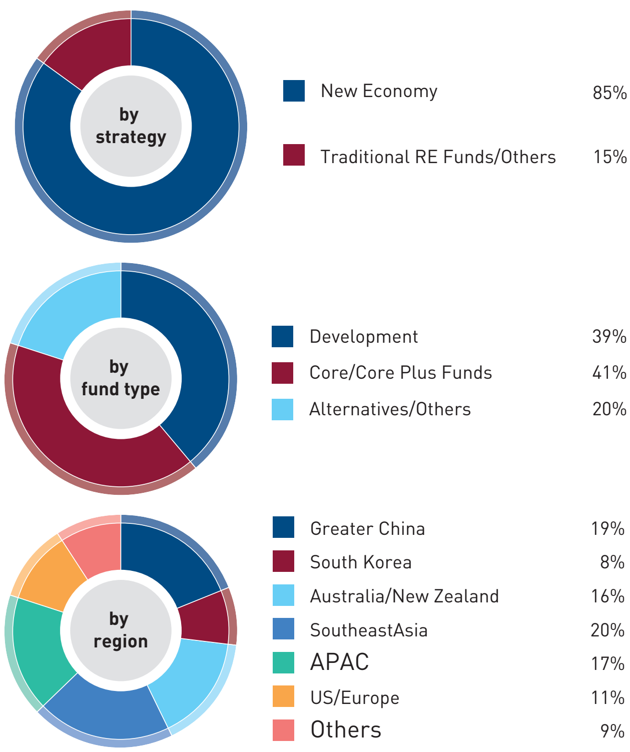
1) Managing our co-investment stakes to create strong alignment while retaining capital for growth

2) Increasing margins by expanding upon our Pan-Asia investment vehicles which will enlarge our family of fully-discretionary investment products and attract a different segment of institutional investment partners;

3) Selling-down our data centre assets acquired on balance sheet to seed our new planned data centre fund; and

4) Accelerating the recycling of capital from mature development projects (on our balance sheet and in our funds) into our newly expanded portfolio of REITs and core investment vehicles.

Capital raised in FY2022



Operations Review

NEW ECONOMY DEVELOPMENT SEGMENT

FY2022 KEY HIGHLIGHTS

- Development WIP of US$11.9 billion — the largest in APAC
- Record new development starts of US$6.5 billion
- Strong landbank of over 6.4 million sqm across combined portfolio
- Robust development pipeline of 27.8 million sqm

NEW ECONOMY DEVELOPMENT SEGMENT

We have established efficient, high-quality and scalable capabilities for greenfield and brownfield developments in each country where we operate. Our extensive inhouse expertise includes selection and acquisition of sites to the design, construction and leasing of modern logistics facilities. These facilities are characterised by several attributes that differentiate modern logistics (greatly preferred by today's e-commerce tenants) from the existing installed base of traditional warehouse:

- Optimal space utilisation: Large floor plates, high ceilings and wide column spacing
- High floor load capacity: to support the increased weight of taller racking and automation equipment
- High operating efficiency: Spacious loading and parking areas equipped with modern loading docks
- Storage safety: Security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems
- Flexibility to provide customised features: Office space, air-conditioning and refrigeration/freezing.

We capitalise these development projects through our funds and investment vehicles that we manage and/or through our balance sheet. We earn development fees from our partners when we use capital from Fund Management (attributed to the Fund Management segment), and we earn development profit upon sale of completed properties when we use our balance sheet.

We also derive pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles we manage in proportion to our co-investments in those funds and investment vehicles. All of our development related capital gains are attributed to our Development segment.

ESR continues to leverage third-party capital to fund developments and exercise a disciplined asset light approach to achieve our targeted development completions.

In FY2022, the total estimated investment value of new development starts totalled US$6.5 billion, primarily in Japan, Australia, China, Japan, South Korea, Southeast Asia and India. The new projects represented 5.2 million sqm across the portfolio.

Strong customer demand, particularly from e-commerce related customers, has translated to a strong growth of 68% year-on-year growth in development work in progress ("WIP"), as the Group's current developments focus on higher value projects with increased scale and higher quality. In FY2022, the Group had a robust US$11.9 billion development WIP — the largest development workbook in APAC. Our development workbook is well-spread across our key APAC markets, and the Group is well-placed to benefit from a strong pipeline of quality, large scale developments. These are projects that will act as cornerstones of our core funds, local REITs and as key assets in the growth of ESR-LOGOS REIT upon completion and stabilisation. In the near term, we can expect the completion of the larger scale projects including ESR Higashi Ogishima and ESR Sachiura Distribution Centre 2 in Japan and Pyeongtaek in Greater Seoul, South Korea.

In FY2022, the total investment value of our development completions was US$5.5 billion, representing 4.2 million sqm across our portfolio. These included ESR Kawasaki Ukishima Distribution Centre, ESR Yatomi Kisosaki Distribution Centre and ESR Sachiura Distribution Centre in Japan, Opo Logistics Park P1 and P2 in South Korea, ESR Wenzhou Ruian Distribution Centre and Chengdu Qingbaijiang P1 and P2 in China.

The Group has also assembled a robust development pipeline of 27.8 million sqm, including a strong landbank of 6.4 million sqm to expand our portfolio moving forward, and leverage on the strong customer demand for logistics facilities.

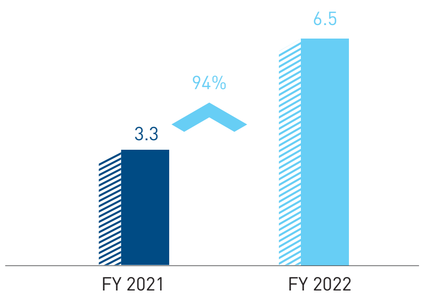
Pyeongtaek Logistics Park, South Korea

Selected Work-In-Progress Projects

	ESR Kawanishi Phases 1A, 1B & 2	Busan New Port	ESR Higashi Ogishima DC 1	Moorebank Phase II	Shanghai Yurun Phase 2	Pyeongtaek
Location	Tokyo, Japan	Busan, South Korea	Tokyo, Japan	Sydney, Australia	Shanghai, China	Greater Seoul, South Korea
Expected Completion Date	2025–2027	2024	2025–2027	2024–2026	2023	2023
GFA ('000 sqm)	735	685	345	581	211	192
Estimated Development Cost (US$ m)	1,170	940	731	978	139	203

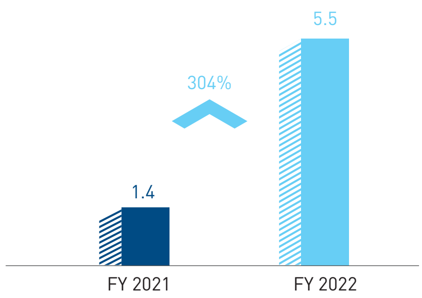
Development Starts

Estimated Total Cost (US$ billion)



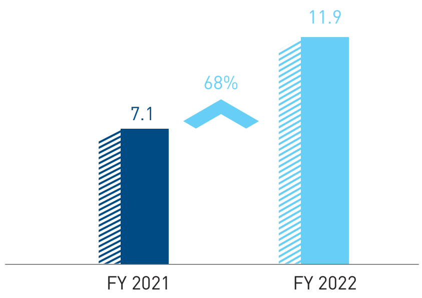
Development Completions

Completion Fair Value (US$ billion)



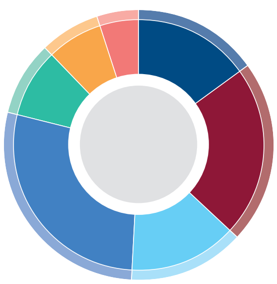
Work-In-Progress

Estimated Total Cost (US$ billion)



Work In Progress

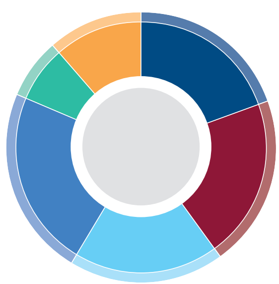
Breakdown by region



Greater China	15%
Japan	22%
South Korea	14%
Australia/ New Zealand	28%
Southeast Asia	9%
India	7%
Data Centre	5%

Development pipeline

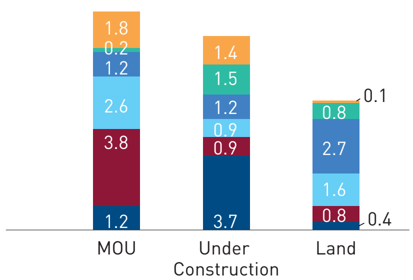
GFA by region



Greater China	19%
Japan	20%
South Korea	18%
Australia/New Zealand	22%
Southeast Asia	7%
India	11%

Development pipeline

(GFA million sqm)



Greater China · Japan · South Korea · Australia /New Zealand · Southeast Asia · India