



*Note: This is a printed copy of the letter to unitholders of ESR-REIT (“**ESR-REIT Unitholders**”) published on ESR-REIT’s website at <https://esr-reit.listedcompany.com/meetings.html> and on the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>, on 5 January 2022. This printed copy has been sent to ESR-REIT Unitholders solely for their information and convenience.*

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Circular (as defined below).

5 January 2022

Dear Valued ESR-REIT Unitholders,

EXTRAORDINARY GENERAL MEETING IN RELATION TO THE PROPOSED MERGER

Due to the outbreak of COVID-19 in Singapore, the Parliament has passed the COVID-19 (Temporary Measures) Act 2020 on 7 April 2020 (as amended) to put in place elevated safe distancing measures to curb the increasing spread of the disease. In view of such measures, we will be conducting the Extraordinary General Meeting (the “**EGM**”) only by way of electronic means (“**Virtual Meeting**”) in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 gazetted on 13 April 2020 (as amended) (the “**Order**”) which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies.

Electronic Despatch of the Circular to ESR-REIT Unitholders

In line with the provisions of the Order, unless otherwise requested, no printed copies of the Circular to Unitholders dated 5 January 2022 in relation to the proposed merger (the “**Merger**”) of ESR-REIT and ARA LOGOS Logistics Trust and the proposed issue of new ESR-REIT units as part of the consideration for the Merger (the “**Circular**”) will be despatched to ESR-REIT Unitholders.


For ESR-REIT Unitholders’ convenience, printed copies of the Notice of EGM and the Proxy Form have been despatched to ESR-REIT Unitholders. The Circular, Notice of EGM and the Proxy Form are also available on ESR-REIT’s website at <https://esr-reit.listedcompany.com/meetings.html>. You may scan the QR code on the right for direct access to our website. The Circular, Notice of EGM and the Proxy Form are also available on the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>.



Request for Printed Copies of the Circular

ESR-REIT Unitholders may request for printed copies of the Circular by completing and returning the request form accompanying the Notice of EGM and the Proxy Form to the ESR-REIT Manager by 13 January 2022 (Thursday).

Conduct of EGM

- (a) **Live Audio-visual Webcast/Live Audio-only Stream:** The EGM will be conducted only by way of electronic means and **ESR-REIT Unitholders will not be able to physically attend the EGM**. The proceedings of the EGM will be broadcast through a live webcast comprising both video (audio-visual) and audio-only feeds. Please pre-register for the live audio-visual webcast/live audio-only stream if you wish to attend the EGM.
- (b) **Online Pre-registration:** All ESR-REIT Unitholders as well as investors who hold units of ESR-REIT (“**ESR-REIT Units**”) through the Central Provident Fund (“**CPF**”) or the Supplementary Retirement Scheme (“**SRS**”) (“**CPF/SRS investors**”) who wish to follow the proceedings of the EGM through the live audio-visual webcast/live audio-only stream **must pre-register online at <https://smartagm.sg/esrreitegm2022>** (the “**Pre-registration Page**”) **which is also accessible by scanning the QR code by 24 January 2022 (Monday), 11.00 a.m.** (being 72 hours before the time appointed for the holding of the EGM) for verification purposes. Persons who hold ESR-REIT Units through a Relevant Intermediary (as defined in the trust deed constituting ESR-REIT (as amended)) (“**Relevant Intermediary Unitholders**”) who wish to follow the proceedings of the EGM should request their Relevant Intermediary to make arrangements to pre-register on their behalf. The Relevant Intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com no later than **11.00 a.m. on 24 January 2022 (Monday)**. Following successful verification, a confirmation email which contains unique user credentials and instructions on how to access the live audio-visual webcast/live audio-only stream of the EGM proceedings and submit questions during the EGM will be sent to you before the EGM (the “**Confirmation Email**”). ESR-REIT Unitholders and CPF/SRS investors **who do not receive the Confirmation Email by 12.00 p.m. on 26 January 2022 (Wednesday)**, but have pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings by the deadline of 11.00 a.m. on 24 January 2022 (Monday) **should contact the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.**
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- (c) **Submission of Questions:** All ESR-REIT Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders will be able to ask questions by posing questions “live” at the Virtual Meeting during the live audio-visual webcast. All ESR-REIT Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders can and are strongly encouraged to submit questions relating to the business of the EGM up till **19 January 2022 (Wednesday)**. The ESR-REIT Manager will publish its responses to substantial and relevant questions received on or before 19 January 2022 (Wednesday), on SGXNET by 21 January 2022 (Friday). The ESR-REIT Manager may also publish further responses after 21 January 2022 (Friday) to substantial and relevant questions received after 19 January 2022 (Wednesday).
- (i) ESR-REIT Unitholders and CPF/SRS investors may submit their questions on the Pre-registration Page or via electronic mail to ir@esr-reit.com.sg or by post addressed to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.



- (ii) Relevant Intermediary Unitholders may submit questions through their Relevant Intermediary, who in turn should submit a consolidated list of questions to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com. When sending in your questions, for our verification purposes, please also provide us/the Relevant Intermediary with your full name, address, contact telephone number and email and the manner in which you hold ESR-REIT Units (if you hold ESR-REIT Units directly, please provide your CDP account number; otherwise, please state if you hold your ESR-REIT Units through CPF or SRS, or are a Relevant Intermediary Unitholder).

Questions should be submitted on the Pre-registration Page or should reach the email address or address specified above on or before 19 January 2022 (Wednesday). In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for ESR-REIT Unitholders to submit questions by post, ESR-REIT Unitholders are strongly encouraged to submit questions electronically by the Pre-registration Page or email. The ESR-REIT Manager will publish the responses to substantial and relevant questions received on or before 19 January 2022 (Wednesday) on ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> and on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements> by 21 January 2022 (Friday). The ESR-REIT Manager may also publish further responses after 21 January 2022 (Friday) to substantial and relevant questions received after 19 January 2022 (Wednesday).

For ESR-REIT Unitholders' reference, we have also enclosed as the **Schedule** to this Letter the ESR-REIT Manager's responses to certain frequently asked questions by ESR-REIT Unitholders in relation to the Merger, as announced by the ESR-REIT Manager on 15 October 2021 and 25 October 2021 (the "**FAQ Announcements**"). Copies of the FAQ Announcements are also available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.

- (d) **Voting Solely via Appointing Chairman as Proxy (Submit a Proxy Form):** ESR-REIT Unitholders will only be able to vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf. ESR-REIT Unitholders can submit the Proxy Form in the following manner:
- (i) **For ESR-REIT Unitholders who are individuals⁽¹⁾ and who hold ESR-REIT Units directly with CDP only** – via electronic submission of the e-Proxy Form at the Pre-registration Page at <https://smartagm.sg/esrreitegm2022>, or
- (ii) **For all ESR-REIT Unitholders who hold ESR-REIT Units directly with CDP** – by depositing the duly completed Proxy Form with ESR-REIT
- (A) via electronic mail to SRS.TeamE@boardroomlimited.com (e.g. enclosing a clear scanned completed and signed Proxy Form in PDF), or
- (B) via post to the office of the Unit Registrar of ESR-REIT at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

Note:

- (1) Proxy Forms executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post.

The Proxy Forms must be received by ESR-REIT by **24 January 2022 (Monday), 11.00 a.m.** (being 72 hours before the time appointed for the holding of the EGM). Proxy Forms can be downloaded from ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> or the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>. In the Proxy Form, an



ESR-REIT Unitholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the EGM. All valid votes cast via proxy on each resolution will be counted. If no specific direction as to voting is given, the Chairman of the EGM will vote or abstain from voting at his/her discretion.

In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for ESR-REIT Unitholders to submit Proxy Forms by post, ESR-REIT Unitholders are strongly encouraged to vote by e-Proxy Form or to submit completed Proxy Forms electronically by email.

- (e) **Voting by Relevant Intermediary Unitholders and CPF/SRS investors:** Relevant Intermediary Unitholders (including CPF/SRS investors) that wish to vote should **not** make use of the Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators by **19 January 2022 (Wednesday)** to ensure that their votes are submitted.
- (f) **Key dates/deadlines:** The table below sets out the key dates/deadlines which ESR-REIT Unitholders and CPF/SRS investors should take note:

Key Dates/Deadlines	Actions
5 January 2022 (Wednesday)	Pre-registration begins for live audio-visual webcast/live audio-only stream of the EGM proceedings.
13 January 2022 (Thursday), 7.00 p.m.	ESR-REIT SIAS Dialogue session. <i>Note: A recording of the SIAS Dialogue Session will be uploaded on SGXNet and the website of ESR-REIT on or around 16 January 2022.</i>
19 January 2022 (Wednesday)	Deadline for ESR-REIT Unitholders to submit questions relating to the business of the EGM
19 January 2022 (Wednesday)	Deadline for CPF/SRS investors to approach their respective CPF Agent Banks/SRS Operators to submit their votes.
21 January 2022 (Friday)	Date on which ESR-REIT Manager will publish responses to questions received on or before 19 January 2022 (Wednesday). <i>Note: The ESR-REIT Manager may publish further responses after 21 January 2022 (Friday) to substantial and relevant questions received after 19 January 2022 (Wednesday).</i>
24 January 2022 (Monday), 11.00 a.m.	Deadline for all ESR-REIT Unitholders and CPF/SRS investors to pre-register for the live audio-visual webcast/live audio-only stream of the EGM proceedings. Deadline for all ESR-REIT Unitholders to submit Proxy Forms: (i) For ESR-REIT Unitholders who are individuals⁽¹⁾ and who hold ESR-REIT Units directly with CDP only – via electronic submission of the e-Proxy Form at the Pre-registration Page at https://smartagm.sg/esrreitegm2022 , or

	<p>(ii) For all ESR-REIT Unitholders who hold ESR-REIT Units directly with CDP – by depositing the duly completed Proxy Form with ESR-REIT</p> <p>(A) via electronic mail to SRS.TeamE@boardroomlimited.com, or</p> <p>(B) via post to Unit Registrar’s office</p> <p>Note: (1) Proxy Forms executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual’s estate may only be submitted by email or post.</p>
26 January 2022 (Wednesday), 12.00 p.m.	<p>Authenticated ESR-REIT Unitholders and CPF/SRS investors who pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings will receive the Confirmation Email.</p> <p>ESR-REIT Unitholders and CPF/SRS investors who do not receive the Confirmation Email by 12.00 p.m. on 26 January 2022 (Wednesday), but have pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings by the deadline of 11.00 a.m. on 24 January 2022 (Monday) should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.</p>
27 January 2022 (Thursday), 11.00 a.m.	<p>Click on the link in the Confirmation Email and follow instructions to access the live audio-visual webcast of the EGM proceedings;</p> <p>or</p> <p>Call the telephone number and follow the instructions in the Confirmation Email to access the live-audio only stream of the EGM proceedings.</p>

In view of the rapidly evolving COVID-19 situation, ESR-REIT Unitholders should note that the manner of conduct of the EGM may be subject to further changes at short notice. We advise ESR-REIT Unitholders to check ESR-REIT’s website at <https://esr-reit.listedcompany.com/meetings.html> and SGXNET regularly for updates. Alternatively, ESR-REIT Unitholders may sign up for our email alerts here (https://esr-reit.listedcompany.com/email_alerts.html) to receive the latest updates.

We would like to thank all ESR-REIT Unitholders for their patience and understanding while we hold the EGM amidst the current COVID-19 pandemic.

Thank you.

Yours sincerely,

Mr. Adrian Chui
Chief Executive Officer and Executive Director
ESR Funds Management (S) Limited
(as Manager of ESR-REIT)



The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this Letter) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Letter (other than those relating to ALOG and/or the ALOG Manager) are fair and accurate and that there are no other material facts not contained in this Letter, the omission of which would make any statement in this Letter misleading. The directors of the ESR-REIT Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including ALOG and the ALOG Manager), the sole responsibility of the directors of the ESR-REIT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of the ESR-REIT Manager do not accept any responsibility for any information relating to ALOG and/or the ALOG Manager or any opinion expressed by ALOG and/or the ALOG Manager.

Any queries relating to this Letter, the Merger or the Scheme should be directed to:

Citigroup Global Markets Singapore Pte. Ltd.

Investment Banking

Tel: +65 6657 1959

Maybank Securities Pte. Ltd.

(formerly known as Maybank Kim Eng Securities Pte. Ltd.)

Investment Banking and Advisory

Tel: +65 6231 5179

Operating hours: Monday to Friday 8.30 a.m. to 5.30 p.m. (Except Public Holidays)



SCHEDULE

FAQ ANNOUNCEMENTS

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

PROPOSED MERGER OF ESR-REIT AND ARA LOGOS LOGISTICS TRUST BY WAY OF A TRUST SCHEME OF ARRANGEMENT

FREQUENTLY ASKED QUESTIONS

ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**"), has prepared a list of frequently asked questions in relation to the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust ("**ALOG**"). The Manager's responses to key questions can be found in the Appendix to this announcement.

Unless otherwise defined herein, all capitalised terms have the meaning ascribed to them in the announcement titled "Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a Trust Scheme of Arrangement".

BY ORDER OF THE BOARD

ESR Funds 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

15 October 2021

For further enquiries, please contact:

ESR Funds Management (S) Limited

Gloria Low

Corporate Communications Manager

Tel: +65 6827 9332

Email: gloria.low@esr-reit.com.sg

Lyn Ong

Investor Relations Manager

Tel: +65 6827 9504

Email: lyn.ong@esr-reit.com.sg

Responsibility Statement

*The directors of the Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to ALOG and/or the manager of ALOG (the "**ALOG Manager**") are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading. The directors of the Manager jointly and severally accept responsibility accordingly.*

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including the ARA Acquisition Announcement) or obtained from a named source (including ALOG and/or the ALOG Manager), the sole responsibility of the directors of the Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Manager do not accept any responsibility for any information relating to ALOG and/or the ALOG Manager or any opinion expressed by ALOG and/or the ALOG Manager.

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Appendix 1

Question 1

What is the Merger about?

- This transaction involves the proposed merger of ESR-REIT and ALOG by way of a trust scheme of arrangement.
- ALOG Unitholders will receive a Scheme Consideration of S\$0.950 per ALOG Unit comprising:
 - Cash Consideration: S\$0.095 per ALOG Unit. The aggregate Cash Consideration to be paid to each ALOG Unitholder shall be rounded to the nearest S\$0.01.
 - Allotment and issuance of 1.6765 new ESR-REIT Units (the "**Consideration Units**") for each ALOG Unit, at an issue price of S\$0.510 for each Consideration Unit, such Considerations Units to be credited as fully paid. No fractions of a Consideration Unit shall be allotted and issued to any ALOG Unitholder and fractional entitlements shall be disregarded in the calculation of the Consideration Units to be allotted and issued to any ALOG Unitholder pursuant to the Scheme.
- Scheme Consideration implies a gross exchange ratio of 1.863x.
- By way of illustration, an ALOG Unitholder will receive S\$95.00 in cash and 1,676 Consideration Units for every 1,000 ALOG Units held by it as at the Books Closure Date.
- The ESR-REIT Manager and the ALOG Manager are each permitted to announce, declare, pay or make distributions to their respective unitholders (the "**ESR-REIT Permitted Distributions**" and the "**ALOG Permitted Distributions**" respectively) in the ordinary course of business, in respect of the period from 1 July 2021 up to the day immediately before the Effective Date.
- ALOG Unitholders shall have the right to receive and retain the ALOG Permitted Distributions in addition to the Scheme Consideration.
- The enlarged REIT will be known as ESR-LOGOS REIT.

Question 2

What is the rationale for the Merger for ESR-REIT Unitholders?

- **Increased Exposure to Sustainable "In-Demand" Logistics Properties**
 - We believe that that the high-specs industrial and, in particular, the logistics sector in Asia remains the largest secular opportunity in Asia given the paradigm shift in the way goods are consumed, produced and delivered, exacerbated by technological improvements which are expected to continue to drive sustainable demand for logistics and high-specs industrial space.
- **Size Increasingly Matters** – The Merger will add a high-quality portfolio of 29 logistics Portfolio Properties¹, which results in ESR-LOGOS REIT owning 87 Portfolio Properties. With the increased scale, the Manager is of the view that ESR-LOGOS REIT will become a stronger platform, and at the same time, enjoy the benefits of a larger and well-diversified portfolio as outlined below:
 - **Income Diversification** – both geographically and operationally.
 - **Increased Income Stability** – Higher occupancy, underpinned by a longer WALE profile of 3.2 years². The STB portfolio in Australia will scale up the visibility and quality of earnings due to longer leases and built-in rental escalations of between 2.5% to 4.0% throughout the lease tenures.
 - **Enhanced Portfolio Resilience** – Post-Merger, ESR-LOGOS REIT will gain more exposure to freehold and/or longer land lease assets, which will further strengthen the portfolio's resilience.
 - **Improved Tenant Quality and Reduced Concentration Risk** – ESR-LOGOS REIT is expected to benefit from the combined pool of high-quality tenants that enhances the quality and diversification of its tenant base.

¹ Portfolio Properties refer to all properties owned either directly or indirectly but excludes Fund Properties.

² Based on GRI for the month of June 2021. Excludes contributions from Fund Properties.

- **Opportunities for Operational Synergies and Portfolio Optimisation** – Stronger bargaining power with service providers, and more opportunities for operational synergies and portfolio optimisation.
- **Leads to More Competitive Costs of Capital** – Broadened access to a wider and more diversified investor base, increased analyst coverage, higher trading liquidity and larger weightage in the EPRA Index, potentially resulting in a potential positive re-rating.
- **Transformational Scale and Sponsor's Network** – ESR-LOGOS REIT is expected to become amongst the top 10 largest S-REIT with a free float market capitalisation of S\$2.5 billion³.
 - **Access ESR Group's⁴ Global Tenant Network** – ESR-LOGOS REIT can leverage the Sponsor's strong network and access its global tenant network.
 - **Leverage ESR Group's Financial Strength and Operating Platform to Grow** – With the ESR Group's continued support, ESR-LOGOS REIT will be able to access ESR Group's assets of >US\$50 billion⁵ in an increasingly scarce environment for quality properties. An initial pipeline of approximately US\$2 billion of visible and executable Asia Pacific New Economy assets available from the ESR Group will accelerate ESR-LOGOS REIT's growth as a leading Future-Ready APAC S-REIT. As the sponsor of ESR-REIT, the ESR Group has also provided strong capital support and financial commitment to ESR-REIT.
 - **The Largest New Economy Pipeline to Supercharge Growth** – Backed by a leading New Economy developer sponsor with the largest AUM in Asia Pacific to supercharge growth to be a leading Future-Ready APAC S-REIT.
 - **Provides Greater Access to Growth Opportunities** – The Merger would increase the development headroom of ESR-LOGOS REIT, enhancing its ability and flexibility to undertake new, larger developments and / or redevelopments to drive value accretive growth.
- **Value Accretive for ESR-REIT Unitholders** – DPU accretive on an FY2020 pro forma basis.
- **Enhanced ESG Offering** – Reinforces ESR-LOGOS REIT's commitment to its green initiatives and ESG performance.

Question 3

Why does the Manager think that the logistics sector is sustainable and "in-demand"? Why is there a strong focus on New Economy assets?

- The Manager is of the view that the high-specs industrial and, in particular, the logistics sector in Asia remains the largest secular opportunity in Asia given the paradigm shift in the way goods are consumed, produced and delivered, exacerbated by technological improvements which are expected to continue to drive sustainable demand for logistics and high-specs industrial space for the following reasons:
 - **Consumption** – Increasing e-commerce penetration.
 - With a rising urbanised population, e-commerce penetration rates are also expected to increase, thus supporting long-term demand for modern logistics in the APAC region.
 - **Production** – Transformation in global supply chain manufacturing.
 - Global supply chain disruption caused by ongoing US-China trade tensions exacerbated by the Covid-19 pandemic.

³ Free float excludes ESR-REIT Units held by the Sponsor, Summit Group, the Manager, the directors of the Manager, other substantial ESR-REIT Unitholders and their respective associates. The free float of the Enlarged REIT post-Merger also excludes ESR-REIT Units that would be held by the ALOG Manager, the directors of the ALOG Manager, and their respective associates. ESR LOGOS REIT's free float of S\$2.5 billion is computed based on 4,951 million free float units multiplied by an issue price of S\$0.510 per ESR-LOGOS REIT unit.

⁴ Unless stated otherwise, any reference to ESR Group and / or Sponsor figures across this FAQ assumes that the proposed acquisition by ESR Cayman Limited of 100% of ARA Asset Management Limited is completed.

⁵ Refers to the Enlarged ESR Group (ESR Cayman Limited post acquisition of 100% of ARA Asset Management Limited). Enlarged ESR Group data as at 30 June 2021, inclusive of ARA LOGOS Logistics Trust, adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 05 July 2021.

- A significant shift from a Just-in-Time inventory model to a Just-in-Case inventory approach, maintaining a larger reserve of both raw materials and finished products.
- Expansion of supply chain footprint, and accelerated demand as occupiers seek a different cost / resilience trade-off and look to localise production and sourcing.
- **Delivery** – Digitalisation of the economy.
 - Businesses are migrating operations and workforce to a digital environment, a move accelerated by the COVID-19 pandemic.
 - This will drive further growth in occupier demand from New Economy sectors such as last mile, cold chain, logistics and parcel.

Question 4:

What will be the financial position of ESR-REIT Unitholders if the Merger is successful?

- The Merger will be 5.8% DPU accretive on a FY2020 pro forma basis.
- The amount of DPU accretion should not be the only determinant in evaluating benefits of this Merger. ESR-REIT Unitholders will also enjoy the intangible strategic benefits from this Merger as elaborated earlier.

Question 5:

How was the Scheme Consideration for the Merger determined?

- The Scheme Consideration was determined based on commercial negotiations between the ALOG Manager and the Manager
- Factors taken into account in arriving at the Scheme Consideration by determining the exchange ratio include (without limitation):
 - the prevailing and historical relative market prices of the ESR-REIT Units and ALOG Units
 - the NAVs of each of ESR-REIT and ALOG
 - the market value of the respective property portfolios
 - the fair value of the respective investments by ESR-REIT and ALOG in property funds
 - relevant precedent trust scheme transactions in Singapore
 - the prevailing and historical price to NAV per unit of each REIT
 - the prevailing and historical distribution yield of each REIT
 - the market capitalisation and trading liquidity of each REIT
 - the historical highest price of each REIT and the accompanying trading volume
 - the capital structure, debt financing and access to capital of each REIT
 - the resulting pro forma financial impact of the Merger on ESR-REIT and ALOG

Question 6:

How was the exchange ratio determined?

- The exchange ratio of the Merger was determined based on independent commercial negotiations between the ALOG Manager and the Manager.
- The exchange ratio was computed using the issue price of S\$0.510 per ESR-REIT Unit and offer price of S\$0.950 per ALOG Unit which took into consideration the respective REITs' 52-week high and the trading volumes on those days.

Question 7:

Is the Merger proposed to mitigate the conflicts of interests as a result of the Proposed ARA Acquisition?

- Both the Manager and the ALOG Manager believe the Merger will be mutually beneficial to both sets of unitholders with the key objective to reposition two leading REITs to form a leading New Economy and Future-Ready S-REIT with the largest New Economy pipeline in APAC.
- Incidentally, the conflicts of interests between ESR-REIT and ALOG are mitigated post-Merger, and provides ESR-LOGOS REIT access to the ESR Group's assets of more than US\$50 billion⁶ in New

⁶ Enlarged ESR Group data as at 30 June 2021 inclusive of ARA LOGOS Logistics Trust, adjusted for LOGOS' acquisition of Moorebank

Economy pipeline in an increasingly scarce environment for quality logistics properties, creating a win-win situation for both sets of unitholders

Question 8:

Who initiated this deal and when did negotiations start?

- Commercial discussions between the Manager and the ALOG Manager on the feasibility of the Merger only commenced after the Sponsor's 4 August 2021 announcement on the Proposed ARA Acquisition, and the merits of a merger were analysed and considered by both Boards before proposing to both set of unitholders.

Question 9:

What is the gearing of ESR-LOGOS REIT post-Merger? What is the gearing target? How will the Manager manage the gearing post-Merger?

- Post-Merger, the pro forma gearing of ESR-LOGOS REIT will be 42.1%⁷ (as at 31 December 2020).
- The Manager is comfortable with the pro forma gearing level as other contributing factors are considered holistically when managing the capital structure. These include debt tenure, costs of funds, encumbrances, flexibility in loan terms, spread of debt expiry profile and access to different lending banks and sources of capital.
- Post-Merger, ESR-LOGOS REIT will have a lower cost of debt and a longer WADE, while maintaining a fully unencumbered portfolio.
 - ESR-REIT's WADE will increase from 2.6 years (as at 30 June 2021) to 3.4 years.
 - ESR-REIT's average all-in-financing cost will decrease from 3.24% (as at 30 June 2021) to 2.84%⁸.
- The Manager has demonstrated a strong track record of managing debt costs while extending debt tenure with a wide range of lending banks, validating its capital management strategy. Post-Merger, the Manager will also review and consider divesting selected non-core assets as part of its ongoing portfolio optimisation strategy to recycle capital and accelerate its pivot into New Economy real estate.

Question 10:

Which overseas markets will ESR-LOGOS REIT expand into post-Merger?

- When considering potential expansion overseas, the Manager will focus on markets in which the Sponsor has an operating platform, footprint, and network which include Southeast Asia, China, South Korea, Japan, India, and Australia.
- This also provides tangible benefits including (i) access to a global tenant network, (ii) leverage local presence to de-risk new market entry, (iii) improving its deal sourcing network; (iii) potential partnership opportunities for new acquisitions; and (iv) leveraging ESR Group's capital sourcing network and its capital commitment to ESR-LOGOS REIT to fund growth.
- With the opportunity to access the Sponsor's assets of >US\$50 billion⁹ and a work-in-progress development value of >US\$10 billion¹⁰ across 10 markets, ESR-LOGOS REIT has a competitive edge to supercharge its growth in an environment where quality New Economy properties are becoming increasingly scarce.

Logistics Park announced on 5 July 2021.

⁷ After adjusting for the FY2021 ESR-REIT Acquisitions, FY2021 ESR-REIT Divestments, ESR-REIT EFR, ESR-REIT Revaluation and the Merger.

⁸ Unsecured banking facilities at an approximate all-in interest cost of 2.25% provided by DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch and Sumitomo Mitsui Banking Corporation Singapore Branch to finance the Cash Consideration payable under the Scheme, refinancing of ALOG's existing debt, derivative liabilities, upfront land premium, stamp duty, estimated professional and other fees and expenses relating to the Merger.

⁹ Enlarged ESR Group data as at 30 June 2021 inclusive of ARA LOGOS Logistics Trust, adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021.

¹⁰ Based on Enlarged ESR Group data as at 30 June 2021.



About ESR-REIT

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- Acquisition of value-enhancing properties;
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About the Sponsor, ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area ("GFA") and by value of the assets owned directly and by the funds and investment vehicles it manages with a growing presence in data centres. ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGM and SK Holdings. The ESR platform spans major economies across the APAC region, including China, Japan, South Korea, Singapore, Australia, India, Vietnam and Indonesia. As of 30 June 2021, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$36.3 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 22.6 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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¹¹ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.



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

**PROPOSED MERGER OF ESR-REIT AND ARA LOGOS LOGISTICS TRUST
BY WAY OF A TRUST SCHEME OF ARRANGEMENT**

FREQUENTLY ASKED QUESTIONS

ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**"), has prepared a list of frequently asked questions by unitholders in relation to the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust ("**ALOG**"). The Manager's responses to key questions can be found in the Appendix to this announcement.

Unless otherwise defined herein, all capitalised terms have the meaning ascribed to them in the announcement titled "Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a Trust Scheme of Arrangement".

BY ORDER OF THE BOARD

ESR Funds 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

25 October 2021

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Responsibility Statement

*The directors of the Manager (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to ALOG and/or the manager of ALOG (the "**ALOG Manager**") are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading. The directors of the Manager jointly and severally accept responsibility accordingly.*

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including the ARA Acquisition Announcement) or obtained from a named source (including ALOG and/or the ALOG Manager), the sole responsibility of the directors of the Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Manager do not accept any responsibility for any information relating to ALOG and/or the ALOG Manager or any opinion expressed by ALOG and/or the ALOG Manager.

Appendix 1

Question 1:

How was the exchange ratio determined? Are the respective REITs' 52-week high closing prices the only factor that was used to determine the exchange ratio?

- In determining the exchange ratio for the Scheme, the Manager and ALOG Manager took into consideration factors including (without limitation):
 - the prevailing and historical relative market prices of the ESR-REIT Units and ALOG Units;
 - the prevailing and historical distribution yield of each REIT;
 - the prevailing and historical price to NAV per unit of each REIT;
 - the market capitalisation and trading liquidity of each REIT;
 - the 52-week historical high and low prices and the corresponding trading volume of ESR-REIT and ALOG;
 - the market value of the respective REIT's property portfolio;
 - the fair value of the respective investments by ESR-REIT and ALOG in property funds;
 - the relevant precedent trust scheme transactions in Singapore;
 - the capital structure, cost of debt financing and access to capital of each REIT; and
 - the resulting pro forma financial impact of the Merger on ESR-REIT and ALOG.
- A key consideration is the 52-week historical high unit price for ESR-REIT and ALOG and the corresponding trading volume.
- On 2 September 2021, the Manager and ALOG Manager respectively announced that ESR-REIT and ALOG will be included in the FTSE EPRA Nareit Global Developed Index with effect from 20 September 2021.
- On 2 September 2021, both ESR-REIT and ALOG experienced higher than usual trading volumes and achieved 52-week high closing prices of S\$0.51 per ESR-REIT Unit and S\$0.95 per ALOG Unit respectively. The trading volume on that day for ESR-REIT and ALOG was 53.7 million and 27.9 million respectively with approximately 12.2 million ESR-REIT Units and 2.5 million ALOG Units traded at and above their respective 52-week high closing prices since then. For reference, the average daily trading volumes for the 6-month period ("**6M ADTV**") prior to and including 1 September 2021 for ESR-REIT and ALOG were 8.5 million and 3.0 million respectively.
- As this is a proposed merger of two of ESR Cayman's leading REITs to form the leading New Economy APAC REIT, the Manager and ALOG Manager believe that the exchange ratio provides a balanced approach to effect the Merger and bring about the benefits as laid out in the Joint Announcement including a DPU accretion of 5.8% for ESR-REIT Unitholders and 8.2% for ALOG Unitholders (on a FY2020 pro forma basis) which is the highest amongst the 5 completed S-REIT mergers since 2018.

Question 2:

Can the Manager walk through the key drivers for the DPU accretion of 5.8% to ESR-REIT Unitholders?

- The DPU accretion of 5.8% to ESR-REIT Unitholders (on a FY2020 pro forma basis) is driven largely by the following factors:
 - **Refinancing 100% of ALOG's borrowings at lower financing cost:** The new banking facilities have a lower weighted average "all-in" finance cost of 2.25% per annum versus ALOG's existing "all-in" financing cost of 2.92% per annum as at 30 June 2021. *(Please refer to Question 6 for further details on the new banking facilities)*
 - **Reduction in land rent expenses:** As shown in the pro forma financials, assuming the land premium has been paid upfront to JTC, ESR-LOGOS REIT will not incur any land rent expenses for the ALOG SG Real Properties in FY2020 amounting to approximately S\$5.6 million (representing c.6.4% of the estimated upfront land premium). As the estimated upfront land premium is expected to be funded by the new banking facilities which has a lower cost of debt of 2.25%, this translates to cost savings for unitholders and as such, DPU accretion. *(Please refer to Question 3 for further details on land rent expenses)*

Question 3:

What is upfront land premium and why is this being paid as part of the Merger?

- Upfront land premium is the total land price charged by JTC for the remaining lease term of the properties. Previously, this land price could be paid either (i) as periodic rental payments made across the term of the lease ("**Land Rent Scheme**"), or (ii) as a lump sum upfront payment ("**Upfront Land Premium Scheme**").
- Under JTC's prevailing policy, the land prices under the Land Rent Scheme will be converted to Upfront Land Premium if the properties are held by third party facility providers such as REITs (i.e. these land rent payments have to be made as a lump sum upfront payment).
- With the Merger, ESR-REIT will seek to align the periodic rental payments for the remaining lease terms under the Land Rent Scheme with JTC's current policy to convert the periodic rental payments to Upfront Land Premium Scheme (i.e. lump sum upfront payment).
- Upon the conversion for the ALOG SG Real Properties, the upfront land premium payable to JTC is estimated to be approximately S\$87.9 million and will be added to the valuation of the respective properties.
- Post payment of the upfront land premium to JTC for the ALOG SG Real Properties, there will be lower property expenses resulting from a reduction in annual land rent expenses payable. As shown in the pro forma financials, assuming the land premium has been paid upfront to JTC, ESR-LOGOS REIT will not incur any land rent expenses for the ALOG SG Real Properties in FY2020 amounting to approximately S\$5.6 million (representing c.6.4% of the estimated upfront land premium). As a result, this reduction will go towards the distributable income of ESR-LOGOS REIT.

Question 4:

Why should we support the Merger given it is NAV dilutive?

- While the Merger is NAV dilutive, the Merger allows ESR-REIT to increase its proportion of freehold Portfolio Properties to 10.7%¹ while also increasing its land lease expiry profile from 31.0 years¹ to 37.9 years¹. A larger portion of freehold assets and longer land lease expiry profile will reduce the decline in NAV per unit over time driven by land lease expiry of JTC industrial land that is under a fixed 30-year lease tenure.
- An enlarged ESR-LOGOS REIT with a stronger financial profile (e.g. more competitive cost of financing and longer WADE) and access to wider pools of capital (e.g. perpetual securities and bond markets) will have greater flexibility to pursue the acquisitions of assets with either freehold land or longer land lease tenure to further prevent the reduction in NAV per unit over time due to land lease expiry of the shorter 30-year lease of JTC industrial land.
- Post-Merger, the enlarged size of ESR-LOGOS REIT also accelerates the ability to divest the non-core assets to balance the expected NAV per unit dilution over time.
- As a result, ESR-REIT Unitholders should evaluate the transaction objectively and, in its entirety on the basis of the longer-term commercial merits that could be achieved from this Merger.

Question 5:

Can the Manager provide a breakdown of the acquisition cost of c.S\$2.4 billion? How is this funded?

- The total acquisition cost of the Merger is estimated to be c.S\$2,384.5 million comprising:
 - a) the aggregate Scheme Consideration of c.S\$1,377.7 million;
 - b) estimated upfront land premium payable to JTC of c.S\$87.9 million;
 - c) the acquisition fee payable to the Manager for the Merger of c.S\$15.9 million (which will be fully funded in units);
 - d) the refinancing of ALOG's total borrowings and related interest rate swaps of S\$768.7 million;
 - e) the redemption of ALOG's perpetual securities of S\$101.5 million; and

¹ Based on valuation as at 30 June 2021. Excludes contributions from Fund Properties. Assumes that freehold land has an equivalent land lease tenure of 99 years.

- f) the estimated professional and other costs, fees and expenses (including taxes) of c.S\$32.9 million.
- For illustrative purposes only, based on the pro forma financial assumptions, the illustrative sources to fund the total acquisition cost are as follows:
 - a) the Scheme Consideration of approximately S\$1,377.7 million for the Merger is settled by way of an aggregate Cash Consideration of approximately S\$137.8 million and the issuance of approximately 2,431.2 million new ESR-REIT Units;
 - b) ALOG's total borrowings and related interest rate swaps of approximately S\$768.7 million and total perpetual securities outstanding of approximately S\$101.5 million are replaced with new banking facilities of approximately S\$618.7 million at a weighted average "all-in" finance cost of 2.25% per annum and approximately S\$251.5 million of new perpetual securities at an illustrative coupon rate of 4.50% per annum²;
 - c) the Cash Consideration, estimated upfront land premium and estimated professional and other costs, fees and expenses (including taxes) are funded by new banking facilities at a weighted average "all-in" finance cost of 2.25% per annum; and
 - d) the acquisition fee pursuant to the Merger is paid by way of the issuance of approximately 31.1 million new ESR-REIT Units at the illustrative issue price of S\$0.510 per ESR-REIT Unit.

Question 6:

What are the key loan terms for the new banking facilities obtained by ESR-LOGOS REIT in relation to the Merger?

- The key terms of the new banking facilities provided by DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch, and Sumitomo Mitsui Banking Corporation Singapore Branch (collectively, "Lending Banks") in relation to the Merger are as follows:
 - loan quantum of up to S\$835 million and A\$365 million;
 - average "all-in" finance cost of 2.25% per annum;
 - weighted average loan tenor of 4.4 years; and
 - 100% unsecured basis.
- Post-Merger, ESR-LOGOS REIT will have a lower cost of debt and a longer WADE, while maintaining a fully unencumbered portfolio.
 - ESR-REIT's WADE will increase from 2.6 years (as at 30 June 2021) to 3.4 years.
 - ESR-REIT's average "all-in" financing cost will decrease from 3.24% (as at 30 June 2021) to 2.84%³.
- A committed credit approved termsheet from the Lending Banks has been received by the Manager prior to the announcement of the proposed Merger on 15 October 2021.

Question 7:

The weighted average "all-in" finance cost of the new banking facilities is 2.25% per annum. How is this achievable and is the interest rate sustainable going forward?

- The "all-in" finance cost of the new banking facilities of 2.25% per annum is achievable due to:
 - a) the current S\$3.4 billion asset size of ESR-REIT, its "flattish" debt expiry profile and 100% unencumbered asset portfolio; and
 - b) expected larger ESR-LOGOS REIT with total asset size of S\$5.4 billion, continued 100% unencumbered portfolio and lower portfolio risks due to better portfolio diversification in terms of geographies, asset sectors, number of tenants and tenant concentration risks.

-
- 2 ESR-REIT has in place new banking facilities with a loan quantum of up to S\$835 million and A\$365 million, but may also issue new perpetual securities to finance the Merger.
 - 3 Unsecured banking facilities at an approximate all-in interest cost of 2.25% provided by DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch and Sumitomo Mitsui Banking Corporation Singapore Branch to finance the Cash Consideration payable under the Scheme, refinancing of ALOG's existing debt, derivative liabilities, upfront land premium, stamp duty, estimated professional and other fees and expenses relating to the Merger.

- With a larger size, greater income and geographical diversification, 100% unencumbered asset portfolio and access to wider pools of capital (e.g. perpetual securities and bond markets), the Manager believes ESR-LOGOS REIT will continue to retain balance sheet flexibility in managing its cost of capital and WADE going forward.

Question 8:

As mentioned in the Joint Announcement, an initial pipeline of approximately US\$2 billion of visible and executable assets is available from the ESR Group. What are the types of assets in the Sponsor's initial pipeline?

- The Sponsor's initial pipeline provides ESR-LOGOS REIT a broader spectrum of New Economy asset types that are either freehold or on longer land lease tenures.
- The pipeline also offers geographical diversification and allows ESR-LOGOS REIT to scale up the quality of its portfolio in Asia Pacific. By expanding its footprint to where the Sponsor has an established presence, ESR-LOGOS REIT is able to diversify portfolio risks such as short land lease expiry from its Singapore assets and accumulate higher value New Economy assets for income stability.
- In addition, the Sponsor's pipeline of New Economy assets also allows ESR-LOGOS REIT to mitigate the current data centre moratorium⁴ with the temporary pause on the release of state land for data centres, as well as the development of data centres in Singapore.
- The Manager will remain prudent and selective in its approach when exploring and pursuing acquisition opportunities to further optimise the portfolio composition and create sustainable value for unitholders of ESR-LOGOS REIT post-Merger.

Question 9:

Is there a risk that your trading yields will be wider post-Merger which will make asset acquisitions in some of the key markets difficult to achieve?

- The Manager believes that Size Increasingly Matters.
- Post-Merger, ESR-LOGOS REIT is expected to have access to lower cost of funding and wider access to capital which will provide us with financing flexibility in determining the appropriate mix of funding for future acquisitions.
- With the larger market capitalization and free-float post-Merger, ESR-LOGOS REIT is expected to have larger weightage in key indices (e.g. EPRA/NAREIT Developers Index) and inclusion in other key indices, thereby putting the enlarged REIT on the investment screen of large and sizeable institutional funds, in particular the long-only and pension funds.
- In analysing any potential acquisitions, we will look at various key factors like initial yield, total returns, risk diversification benefits and potential upside from active asset management. With the funding flexibility of the enlarged REIT, we are better equipped to determine the appropriate mix of capital raising options to deliver value accretion to unitholders.
- In addition, we expect to have the ability to fund new acquisitions with divestment proceeds from non-core assets to recycle capital and create a flagship New Economy REIT.

Question 10:

Has the merger between ESR-REIT and Viva Industrial Trust been value accretive for ESR-REIT Unitholders?

- Post the merger of ESR-REIT and Viva Industrial Trust, the enlarged ESR-REIT has witnessed the following:
 - **Increased investor relevance:**

⁴ Tang, S. K., " Singapore puts 'temporary pause' on new data centre: Why and what it means for the industry", Channel News Asia, 10 May 2021, <https://www.channelnewsasia.com/business/new-data-centres-singapore-temporary-pause-climate-change-1355246>

- a) ESR-REIT traded at a P/NAV of 1.17x as at 14 October 2021 versus P/NAV of 0.96x as at 28 January 2018 (prior to the merger with Viva Industrial Trust); and
- b) Entry into the FTSE EPRA Nareit Global Developed Index with effect from 20 September 2021.
- **Increased trading liquidity:** The 6M ADTV of ESR-REIT has increased to 13.7 million units as at 14 October 2021 from 1.1 million units as at 28 January 2018.
- **Lower cost of debt:** Weighted average "all-in" cost of debt has decreased to 3.24% per annum as at 30 June 2021 from 3.55% per annum as at 31 December 2017, and this has been achieved with a longer debt tenor and a more flattish debt expiry profile.
- **Access to wider pools of capital at lower costs:** Demonstrated access with successful bond and perpetual securities issuances:
 - a) Issued S\$125.0 million unsecured fixed rate notes due 2026 at 2.60% coupon in August 2021; with the issuance being more than 2.2x subscribed and underpinned by strong institutional investor demand. This offering also marked ESR-REIT's lowest coupon rate to date, with previous issuances done at mid to high 3% pricing levels (e.g. S\$50.0 million unsecured fixed rate notes due 2023 at 3.95% coupon).
 - b) Issued ESR-REIT's inaugural S\$150.0 million NC5 perpetual securities due 2022 at 4.60% coupon in November 2017 (prior to the merger with Viva Industrial Trust).
- **Diversified portfolio with well-balanced risks:**
 - a) Top 10 tenant concentration risks reduced to 29.4% (based on GRI for the month of June 2021) from 38.7% (based on GRI in 4Q2017); and
 - b) Proportion of single-tenanted buildings reduced to 24.3% (based on GRI for the month of June 2021) from 41.2% (based on GRI in 4Q2017), thereby providing portfolio flexibility to capture potential rental upside.



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