



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

NEWS RELEASE

For immediate release

ESR-REIT Proposes Revised Scheme Consideration for ALOG

- *Higher Scheme Consideration of S\$0.970 per ALOG Unit increased from S\$0.950 per ALOG Unit - Comprises 90% ESR-REIT Units issued at S\$0.4924 and 10% in cash*
- *Revised Scheme Consideration takes into consideration Proxy Advisers' recommendations and the downside risks of conflicts of interests following the completion of ESR Group's acquisition of ARA Asset Management*
- *Proposed Merger is 4.7% DPU accretive for ESR-REIT on a pro forma basis*
- *Extraordinary General Meeting deferred*

SINGAPORE, 22 January 2022 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the “**ESR-REIT Manager**”) today made a joint revised announcement with the manager of ARA LOGOS Logistics Trust (the “**ALOG Manager**”) in relation to the proposed merger (the “**Merger**”) of ESR-REIT and ARA LOGOS Logistics Trust (“**ALOG**”) by way of a trust scheme of arrangement (the “**Trust Scheme**”).

The ESR-REIT Manager has increased the scheme consideration from S\$0.950 per ALOG Unit to S\$0.970 per ALOG Unit (the “**Revised Scheme Consideration**”). The Revised Scheme Consideration of S\$0.970 per ALOG Unit will be satisfied through the payment of an aggregate cash amount of approximately S\$140.7 million (the “**Revised Cash Consideration**”) and the allotment and issue of approximately 2,571.1 million Consideration Units at an issue price of S\$0.4924 for each Consideration Unit, to the ALOG Unitholders.

	Scheme Consideration	Aggregate Scheme Consideration	Implied Gross Exchange Ratio	Financial Metrics
Original Scheme Consideration	S\$0.950 (90% ESR-REIT Units issued at S\$0.510 and 10% cash)	S\$1.4 billion	1.863x	DPU Accretion: 5.8% Gearing: 42.1%
Revised Scheme Consideration	S\$0.970 (90% ESR-REIT Units issued at S\$0.4924 and 10% cash)	S\$1.4 billion	1.970x	DPU Accretion: 4.7%⁽¹⁾ Gearing: 42.1%

Note: (1) Refer to Schedule 1 of the Revised Acquisition Announcement for more details on the pro forma adjustments.

The Revised Scheme Consideration was determined based on commercial negotiations between the ESR-REIT Manager and the ALOG Manager. Since the Joint Announcement dated 15 October 2021, the ESR-REIT Manager has taken into account additional factors in arriving at the Revised Scheme Consideration, which include:

- a) recommendations from Institutional Shareholder Services and Glass, Lewis Co (together the “**Proxy Advisers**”);
- b) following the completion of ESR Group’s acquisition of ARA Asset Management, both ESR-REIT and ALOG will share a common sponsor and have overlapping mandates. As such, in the absence of a Merger, both ESR-REIT and ALOG will have to compete for new assets from ESR Group. The Merger will address these issues of overlapping mandates in relation to asset pipeline, tenant and operational network, and financial resources from the Sponsor; and
- c) strong performance of the logistics sector in Australia which continues to see increasing demand growth and cap rate compression where 45%¹ of ALOG’s portfolio is located.

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the ESR-REIT Manager, said: “ALOG is a strategic fit with ESR-REIT’s existing portfolio providing additional exposure to premium in-demand logistics assets. Together, we are in the right sector and in a good position to accelerate our exposure to the sustainable in-demand New Economy real estate, driven by the rapid rise of e-commerce and paradigm shifts in global manufacturing supply chains. Our strategic rationale for the Merger remains intact.

Considering that ESR Group has just completed the acquisition of ARA to form APAC’s largest real asset manager with a gross Assets Under Management (“**AUM**”) of US\$140² billion, both ESR-REIT and ALOG now share a common sponsor. Since ESR-REIT and ALOG have overlapping mandates, conflicts of interest may inevitably arise which may negatively impact both REITs. The Merger will address these potential conflicts and safeguard the interests of ESR-REIT Unitholders and ALOG Unitholders. As an enlarged REIT, ESR-LOGOS REIT (“**E-LOG**”) will enjoy access to the Sponsor’s New Economy pipeline of more than US\$59³ billion, development work-in-progress of over US\$10 billion⁴ and a development pipeline of over 9 million sqm⁵ across 10 countries, in addition to the committed financial and operational support. If ESR-REIT and ALOG were to continue to operate independently, the Sponsor would have to split its resources to support two REITs with overlapping investment mandates. Over time, both ESR-REIT and ALOG may not be able to fully leverage ESR Group’s resources for sustainable growth and would have to compete for the same pool of resources from the Sponsor or even for the same third-party assets.

The ability to merge both portfolios in a capital efficient manner enables us to create an enlarged entity to deliver enhanced value to both sets of Unitholders. ALOG’s portfolio will provide ESR-REIT

¹ By valuation. Based on exchange rate of A\$1.00 = S\$0.9825 as at 30 Sep 2021. Includes ALOG’s 49.5% and 40.0% stakes in the New LAVIS Trust and Oxford Property Fund.

² Based on ESR Cayman’s management estimates for the Group (including AUM of associates – Cromwell and Kenedix) as of 31 December 2021.

³ Based on ESR Cayman’s management estimates for the Group (including AUM of associates – Cromwell and Kenedix) as of 31 December 2021.

⁴ ESR Group data as of 30 June 2021.

⁵ 2021-2023 pipeline as of 1Q2021.

increased exposure to the robustness and strong demand of the overall Australia market. With greater scale and size comes a stronger financial profile and access to wider pools of capital, allowing E-LOG greater flexibility to pursue value-accretive acquisitions, undertake developments and AEs, and divest non-core assets to further optimise our portfolio as we leverage the Sponsor's asset pipeline, tenant and operational network and financial resources in supporting a single and enlarged E-LOG. Through E-LOG, we will be in a better position to capture growth opportunities and create long-term and sustainable value for our combined set of Unitholders. Unitholders of both REITs share our vision and will continue to appreciate the longer-term commercial merits that can be achieved from this Merger."

DEFERMENT OF THE EGM

In view of the Revised Scheme Consideration, the ESR-REIT Manager will be deferring the EGM scheduled at 11.00 a.m. (Singapore time) on 27 January 2022 to a future date to be determined. The deferred EGM is expected to be held in March 2022. As the EGM has been deferred, the ESR-REIT Manager has not published the responses to the ESR-REIT Unitholders' substantial and relevant questions in relation to the Merger on 21 January 2022. ESR-REIT Unitholders may continue submitting questions related to the resolutions to be tabled for approval at the EGM and the ESR-REIT Manager will address all substantial and relevant questions (including those received prior to 21 January 2022 in due course).

The ESR-REIT Manager will issue a revised circular containing, inter alia, details of the Amended and Restated Implementation Agreement, the Revised Scheme Consideration and the opinions and recommendations of the ESR-REIT Independent Directors in relation thereto.

Further details on the deferred EGM, including, among others, details of how to attend the deferred EGM and new deadline for submission of questions and proxy forms, will be provided by the ESR-REIT Manager in due course.

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RESPONSIBILITY STATEMENTS

ESR-REIT Manager. The directors of the ESR-REIT Manager (including those who may have delegated detailed supervision of this news release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this news release (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 news release, the omission of which would make any statement in this news release 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/or 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 news release. 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.

About ESR-REIT

ESR-REIT has been listed on the Singapore Exchange Securities Trading Limited since 25 July 2006.

ESR-REIT invests in quality income-producing industrial properties and as at 30 June 2021 holds interest in a diversified portfolio of 58 properties located across Singapore, with a total gross floor area of approximately 15.6 million square feet and an aggregate property value of S\$3.2 billion⁶. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

The Manager's objective is to provide Unitholders with a stable income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

ESR Funds Management (S) Limited, the Manager of ESR-REIT, is owned by namely, ESR Cayman Limited ("ESR") (67.3%), Shanghai Summit Pte. Ltd. (25.0%), and Mitsui & Co., Ltd (7.7%).

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

⁶ 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.

About the Sponsor, ESR

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140 billion in gross assets under management (AUM), ESR's fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allows capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by ESR and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. ESR's purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage sustainably and impactfully and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information is available at www.esr.com.

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 Funds Management (S) Limited (“**Manager**”), RBC Investor Services Trust Singapore 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 news release may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

This news release is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this material 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.