



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

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**ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022  
DETAILED RESPONSES TO KEY QUESTIONS FROM UNITHOLDERS**

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ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**") would like to thank all unitholders of ESR-REIT who have submitted their questions in advance of our Annual General Meeting in respect of the financial year ended 31 December 2021 ("**AGM**") to be held on 29 April 2022.

We have grouped the most asked questions, as well as questions relevant to the AGM agenda and aspects of ESR-REIT's business into a few key topics. The Manager's responses to key questions can be found in the Appendix to this announcement. Please refer to all AGM-related information [here](#).

Following the conclusion of the AGM, the voting results of the AGM will be uploaded on SGXNet and ESR-REIT's website. The minutes of the AGM will be uploaded on SGXNet and ESR-REIT's website in due course.

**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

24 April 2022

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## Appendix

### Growth Strategy

**1. Does ESR-REIT have any plans to expand overseas? What countries are ESR-REIT focused on?**

- ESR-REIT currently has presence in Singapore and Australia and these markets will remain our core focus.
- As part of our proactive asset management, we are constantly seeking value opportunities in developed markets where our Sponsor has a strong presence to deliver long-term sustainable growth for our Unitholders. Our Sponsor, ESR Group, has more than US\$59 billion<sup>1</sup> in New Economy assets under management (“AUM”) (54% of total AUM<sup>2</sup>). The Group has also assembled a strong development workbook with a development pipeline of 24.3 million square meters as well as development work-in-progress of US\$10.5 billion<sup>3</sup> which is the largest in APAC.
- While our Sponsor’s pipeline is a natural source, we are also evaluating opportunities that meet our investment criteria from third parties to further strengthen our portfolio.

**2. What is the current cold chain logistic properties growth rate as compared to other logistics properties in the Asia Pacific region? What is the target percentage of cold chain logistic properties that ESR-REIT intends to have? How far is ESR-REIT from this target percentage? Does ESR-REIT view that cold chain logistics properties will grow in importance in this region due to rising income, increasing healthcare spending and online supermarkets? In view of the rapid rise in biomedical research and life science in the Asia Pacific region, does ESR-REIT have any plan to invest in business parks with specialized facilities catering to life science and biomedical research?**

- The industrial market is experiencing a broad-based growth across all segments which also includes cold chain logistics due to limited availability in existing prime logistics buildings.
- ESR-REIT’s well-diversified portfolio comprises tenants across a wide range of industrial sectors including cold store users. With the reopening of Singapore’s economy and a surge in consumption demand supported by the expansion of e-commerce, the entire logistics sector including cold chain logistics looks set to expand amidst a tighter supply pipeline. Post completion of the merger between ESR-REIT and ARA LOGOS Logistics Trust (“ALOG”) to create ESR-LOGOS REIT (“E-LOG”), the enlarged REIT will become a S\$5.4 billion portfolio with 45.3%<sup>4</sup> comprising cold chain logistics, ramp-up warehouses (air-conditioned and non-airconditioned) and conventional cargo lift warehouses.
- While E-LOG will continue to strengthen its logistics asset portfolio, especially given the pipeline of assets from the Sponsor, we look towards catering to a wider variety of tenants instead of focusing on dedicated facilities targeting a specific industrial sector. In addition, while we pursue in-demand assets, we are cognisant of not overpaying for such in-demand or “flavour of the day” assets where prices may exhibit irrational exuberances.
- In addition to logistics assets, E-LOG has another 20.3%<sup>5</sup> of high-specs properties which together with the logistics portfolio, accounts for 65.7%<sup>6</sup> of the enlarged REIT, forming the New Economy

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1 Includes ARA LOGOS Logistics Trust, ESR-REIT and ESR Kendall Square REIT as of 31 December 2021.

2 Excludes the AUM of associates (Cromwell and Kenedix) as of 31 December 2021.

3 Based on assets on balance sheet and portfolio assets held in the funds and investment vehicles as at 31 December 2021. The total development cost of Moorebank is estimated to be approximately US\$2 billion. For conservatism, only the first phase (US\$1.1 billion) is included in the development starts and WIP book.

4 As per the Circular dated 25 February 2022. Based on GRI for the month of June 2021. Excludes contribution from properties owned either directly or indirectly through investment funds.

5 As per the Circular dated 25 February 2022. Based on GRI for the month of June 2021. Excludes contribution from properties owned either directly or indirectly through investment funds.

6 As per the Circular dated 25 February 2022. Based on GRI for the month of June 2021. Excludes contribution from properties owned either directly or indirectly through investment funds.

portfolio. Such quality high-specs space is not only suitable for these up-and-coming industries such as biomedical, pharmaceuticals, life sciences research and production, it is also suitable for advanced and complex manufacturing and engineering companies in the field of robotics, computer science, systems, control and product engineering. Furthermore, we have been redeveloping some of our older general industrial properties into high-specs assets, targeting these rapidly up-and-coming industries. For example, on 12 April 2022, we announced the redevelopment of 21 Senoko Loop into a built-to-suit high-specs facility for NTS Components Singapore Pte Ltd, a company specialising in complex mechatronics assemblies and manufacturing of high-accuracy frames and sheet metal for the high-tech industry.

### **Portfolio and Asset Performance**

#### **3. Are there any effects or impact of the sanctions on Russia have on ESR-REIT? How will ESR-REIT's business be affected by the trade war between China and US?**

- We do not have any Russian or Ukraine companies within our tenant base.
- The industrial property market has proven resilient despite the prolonged trade war between China and US. Even before the onset of COVID-19, multi-national corporations ("MNCs") were starting to review their manufacturing supply chain strategies in view of the ongoing trade tensions between the US and China which increased business and operational risks. The pandemic has fuelled an immediate need to review and diversify global supply chain strategies as a confluence of uncertainties from border closures, lockdowns, unknown and/or uncoordinated COVID-19 measures in different countries have severely disrupted businesses and operations. What used to be Just-In-Time ("JIT") manufacturing has given way to "Just in Case" manufacturing as MNCs sought to diversify their global manufacturing supply chain. With the impact of COVID-19 receding in major economies as borders are reopening, the need to diversify has gained more urgency as these MNCs seek to ride the recovery momentum.
- ESR-REIT has benefitted from the increased demand for industrial space especially in the logistics/warehouse and high-specs sector. In the medium term, regional and global shifts in the supply chain could also create more demand for these New Economy space which presents opportunities for us to redevelop dated general industrial assets in our portfolio to meet the surge in demand from manufacturers and up-and-coming industries for industrial space.
- While the outlook in demand is promising, in the short term, we expect to face inflationary pressures and volatile global energy prices, given that the reopening of economies will result in increased demand for resources, goods and services and geopolitical risks (e.g., Russian-Ukraine war and US-China trade tensions). These are expected to have an impact on our operational costs in particular surges in utilities and maintenance costs. We are keeping a close eye and taking proactive steps to manage these surges in utility costs and inflationary pressures. For example, we have secured fixed rate contracts with utility providers for tenants who consume large amounts of electricity in their production. At the same time, we are managing our overall interest costs by taking various measures to reduce our all-in cost of debt given a much larger and more diversified E-LOG. We remain focused on ensuring that our properties remain in demand, thereby providing long-term sustainable value to our unitholders.

### **Others:**

#### **4. The total number of ESR-REIT units will increase after the merger with ARA LOGOS Logistics Trust. Will it be difficult for ESR-REIT's unit price to go beyond S\$0.4924?**

- The total outstanding number of ESR-REIT units in issue will increase due to the issuance of Consideration Units to ALOG Unitholders pursuant to the Scheme.
- As set out in our announcement on 25 February 2022, on a pro forma basis, the Merger is 4.7% DPU accretive to ESR-REIT unitholders (post issuance of the Consideration Units).
- We believe that we have the components and capabilities, business strategy and experienced combined execution team to create a sustainable and growing DPU over time while balancing the

overall risk profile of the portfolio to deliver a sustainable total return even as we navigate the short-term geopolitical risks and inflationary pressures.

**5. Can Unitholders expect better dividend payout after the merger with ARA LOGOS Logistics Trust?**

- We are unable to provide forward looking projections.
- As set out in our announcement on 25 February 2022, on a pro forma basis, the Merger is 4.7% DPU accretive to ESR-REIT unitholders.
- There is also an initial approximately US\$2 billion of visible and executable New Economy asset pipeline that is available to supercharge E-LOG's growth as a dominant future-ready APAC S-REIT and bring value to our unitholders.

**6. Why is ESR-REIT's unit price dropping so much even after the merger is confirmed? Please explain why.**

- We are unable to comment and/or speculate on unit price movements which may fluctuate due to various market conditions such as rotation into sectors deemed proxies to the reopening theme including office and hospitality sectors as Singapore and the regional economies ease their COVID-19 restrictions and gradually open up, to the current and unexpected global market and risk sentiments.
- Post the completion of the Merger, Management will focus on integration and realising the benefits of the Merger as put forth in our announcements.

## 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 31 December 2021 holds interest in a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 15.3 million square feet and an aggregate property value of S\$3.2 billion<sup>7</sup>. 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 Group ("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](http://www.esr-reit.com.sg).

## 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\$140.2 billion in total 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](http://www.esr.com).

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<sup>7</sup> 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.

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

This announcement is for information purposes only and does not have regard to your specific investment objectives, financial situation or your particular needs. Any information contained in this announcement is not to be construed as investment or financial advice and does not constitute an offer or an invitation to invest in ESR-REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.