



**ESR-LOGOS REIT**

(A real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

Managed by

**ESR-LOGOS Funds Management (S) Limited**  
(Company Registration No.: 200512804G)

**CIRCULAR TO UNITHOLDERS IN RELATION TO:**

**THE PROPOSED ACQUISITION OF 100% OF THE TRUST BENEFICIARY INTEREST IN ESR SAKURA DC (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION**

**IMPORTANT DATES AND TIMES**

Latest Date and Time to Pre-register Online to Attend the EGM	<b>9 October 2022 (Sunday), 10.00 a.m.</b>
Submission of Questions in Advance of the EGM	<b>5 October 2022 (Wednesday), 5.00 p.m.</b>
Latest Date and Time for Lodgment of Proxy Form	<b>9 October 2022 (Sunday), 10.00 a.m.</b>
Date and time of EGM	<b>12 October 2022 (Wednesday), 10.00 a.m.</b>
Place of EGM	<b>Suntec Singapore Convention &amp; Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593</b>

**The EGM will be held only by way of a physical meeting and by way of electronic means.**

The EGM is being convened, and will be held, at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593 (the “**Physical Meeting**”) and by way of electronic means (the “**Virtual Meeting**”) on Wednesday, 12 October 2022 at 10.00 a.m.. The hybrid format of this EGM serves to facilitate interaction between the board of Directors of the Manager, the management team of the Manager and Unitholders. Unitholders and investors who hold Units through the Central Provident Fund or the Supplementary Retirement Scheme (“**CPF/SRS investors**”) will have the opportunity to raise questions (i) at the Physical Meeting, if attending the Physical Meeting, (ii) by submitting questions electronically during the live audiovisual webcast, and (iii) through submission of questions in advance of the EGM, as set out in the Notice of EGM on pages G-1 to G-6 of this Circular.

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ CAREFULLY.**

All capitalised terms shall, if not otherwise defined, have the same meaning as ascribed to them in this Circular.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all or any of your ESR-LOGOS REIT Units, you should immediately inform the purchaser or the agent through whom the sale was effected for onward notification to the purchaser that this Circular together with the Notice of EGM and the accompanying Proxy Form may be accessed via SGXNET.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions contained in this Circular.





# Transaction Overview

01

## MAIDEN ENTRY INTO JAPAN VIA PROPOSED ACQUISITION OF 100% TRUST BENEFICIARY INTEREST IN ESR SAKURA DISTRIBUTION CENTRE (“ESR SAKURA DC”)



Key expressways serving Greater Tokyo

<b>Proposed Acquisition</b>	<ul style="list-style-type: none"> <li>Acquisition of 100% of the Trust Beneficiary Interest in ESR Sakura DC, a 5-storey modern logistics facility located in Chiba Prefecture, Tokyo, Japan (the “Japan Acquisition”)</li> </ul>						
<b>Independent Valuation<sup>(1)</sup></b>	<p style="text-align: right;"><b>CBRE</b> </p> <table border="1"> <tr> <td><b>With Rental Support:</b></td> <td>JPY18,000m (c.S\$185.6m)</td> <td>JPY18,030m (c.S\$185.9m)</td> </tr> <tr> <td><b>Without Rental Support:</b></td> <td>JPY17,800m (c.S\$183.5m)</td> <td>JPY17,730m (c.S\$182.8m)</td> </tr> </table>	<b>With Rental Support:</b>	JPY18,000m (c.S\$185.6m)	JPY18,030m (c.S\$185.9m)	<b>Without Rental Support:</b>	JPY17,800m (c.S\$183.5m)	JPY17,730m (c.S\$182.8m)
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<b>Japan Purchase Consideration</b>	<ul style="list-style-type: none"> <li>JPY17,800m (c.S\$183.5m) with 12 months of Rental Support</li> </ul>						
<b>Total Acquisition Costs</b>	<ul style="list-style-type: none"> <li>c.S\$187.0m<sup>(2)</sup></li> </ul>						
<b>Method of Financing</b>	<ul style="list-style-type: none"> <li>The Manager intends to finance the Total Acquisition Outlay (save for the Acquisition Fee) with an <b>optimal combination of internal sources of funds, external bank borrowings, and/or equity capital market issuances<sup>(3)</sup></b></li> <li>For the avoidance of doubt, the Manager has <b>secured sufficient financing to fund the Japan Acquisition<sup>(4)</sup></b></li> </ul>						
<b>Pro forma Financial Effects</b>	<p style="text-align: center;"><small>FOR ILLUSTRATIVE PURPOSES ONLY NOT A FORWARD-LOOKING PROJECTION</small></p> <table border="1"> <tr> <td><b>Scenario A:</b></td> <td><b>Scenario B:</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li><b>(100% Debt)</b></li> <li>– DPU Accretion: 2.9%</li> <li>– Gearing: 42.0%</li> </ul> </td> <td> <ul style="list-style-type: none"> <li><b>(60% Debt / 40% Equity)</b></li> <li>– DPU Accretion: 0.5%</li> <li>– Gearing: 40.6%</li> </ul> </td> </tr> </table>	<b>Scenario A:</b>	<b>Scenario B:</b>	<ul style="list-style-type: none"> <li><b>(100% Debt)</b></li> <li>– DPU Accretion: 2.9%</li> <li>– Gearing: 42.0%</li> </ul>	<ul style="list-style-type: none"> <li><b>(60% Debt / 40% Equity)</b></li> <li>– DPU Accretion: 0.5%</li> <li>– Gearing: 40.6%</li> </ul>		
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## OVERVIEW OF ESR SAKURA DC



<b>Modern Logistics Facility</b>	<b>Strategic Location</b>
Accessibility via <b>ramp</b> and <b>11 cargo lifts</b>	<b>Excellent connectivity</b> to key transportation nodes and infrastructure
<b>Attractive Entry Yield</b>	<b>ESG Initiatives</b>
Acquired at an attractive NPI yield of <b>4.35%</b> and purchase price <b>below market comparables</b>	Roof spaces feature solar panels while <b>c.42%</b> of the Net Lettable Area is fitted with eco-friendly LED lighting

<b>Property Description</b>	<ul style="list-style-type: none"> <li>5-storey modern logistics facility</li> </ul>
<b>Land Tenure</b>	<ul style="list-style-type: none"> <li>Freehold</li> </ul>
<b>Year of Completion</b>	<ul style="list-style-type: none"> <li>November 2015</li> </ul>
<b>Net Lettable Area</b>	<ul style="list-style-type: none"> <li>81,507.4 sqm</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>75.0%</li> </ul>
<b>WALE</b>	<ul style="list-style-type: none"> <li>2.9 years</li> </ul>
<b>NPI Yield</b>	<ul style="list-style-type: none"> <li>4.35% (Including Rental Support)</li> </ul>
<b>No. of Tenants</b>	<ul style="list-style-type: none"> <li>4</li> </ul>
<b>Key Tenants</b>	<ul style="list-style-type: none"> <li>Universal Entertainment Corporation: Listed manufacturer and operator of an integrated resort business with FY2021 revenue of JPY90.4bn (c.S\$932m)</li> <li>Sanzen Logistics Solution: Chiba-headquartered logistics and storage solutions provider, currently operating in 3 facilities across Chiba</li> </ul>

Source: Company filings, Company websites, Newsrun, JLL. Notes: Using an illustrative exchange rate of JPY 97.00 : S\$1.00. (1) Valuation as at 30 June 2022. (2) Comprises Purchase Price of JPY 17,800m (S\$183.5m), Acquisition Fee of S\$1.8m, and transaction costs of S\$1.7m. (3) At E-LOG's annual general meeting on 29 April 2022, Unitholders approved a general mandate to issue up to 50% of the total number of issued Units (excluding treasury Units, if any), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed 20% of the total number of issued Units (excluding treasury Units, if any) in each class as calculated in accordance with the relevant laws and regulations. In the event that new Units are issued on (i) a non pro rata basis (i.e. a placement), Listing Rule 811 states that the issue price of such Units must not be priced at a discount of more than 10% discount to the weighted average price for trades done on the SGX for the full market day on which the placement (or if trading in the units is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed) (the “VWAP Price”), (ii) on a pro rata basis pursuant to a preferential offering, Listing Rule 816(2) states that the issue price of such Units must not be priced at a discount of more than 10% discount to the VWAP Price and (iii) on a pro rata basis pursuant to a rights issue, there is no limit set out in the Listing Manual on the discount to the VWAP Price. (4) As at 12 July 2022, the Manager has received committed debt financing term sheets of up to JPY 17,600 million (approximately S\$181.5 million) from banks for the purpose of financing the Japan Acquisition.

# Transaction Rationale

02

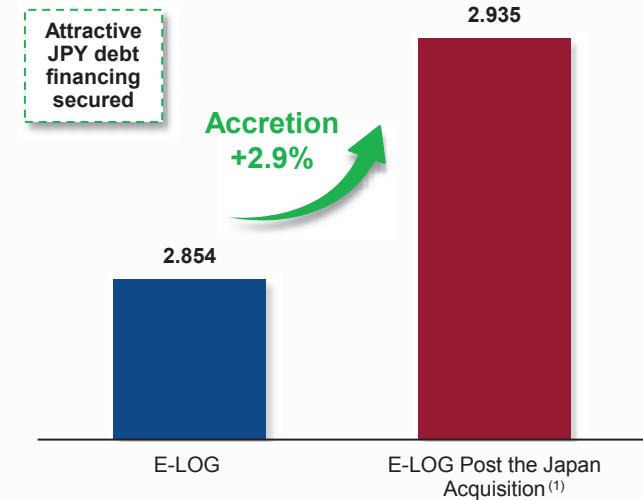
## 1 TRANSACTION IS DPU ACCRETIVE TO UNITHOLDERS

Transaction expected to be DPU accretive to Unitholders, with funding already secured

### Scenario A: DPU (100% Debt Funded)

(Singapore Cents)

FOR ILLUSTRATIVE PURPOSES ONLY NOT A FORWARD-LOOKING PROJECTION



Gearing

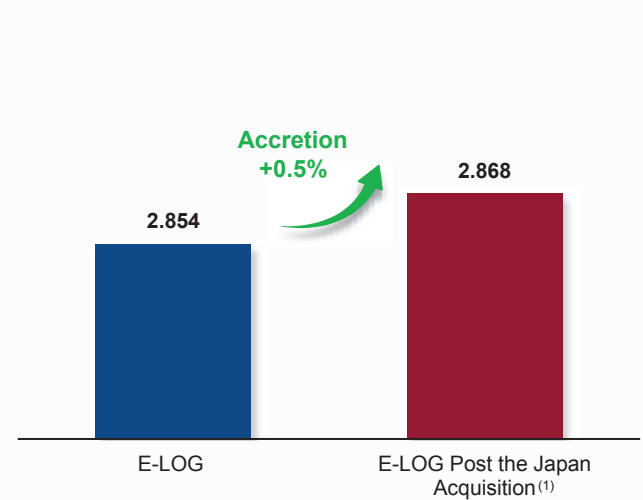
39.8%

42.0%

### Scenario B: DPU (60% Debt / 40% Equity Funded)

(Singapore Cents)

FOR ILLUSTRATIVE PURPOSES ONLY NOT A FORWARD-LOOKING PROJECTION



39.8%

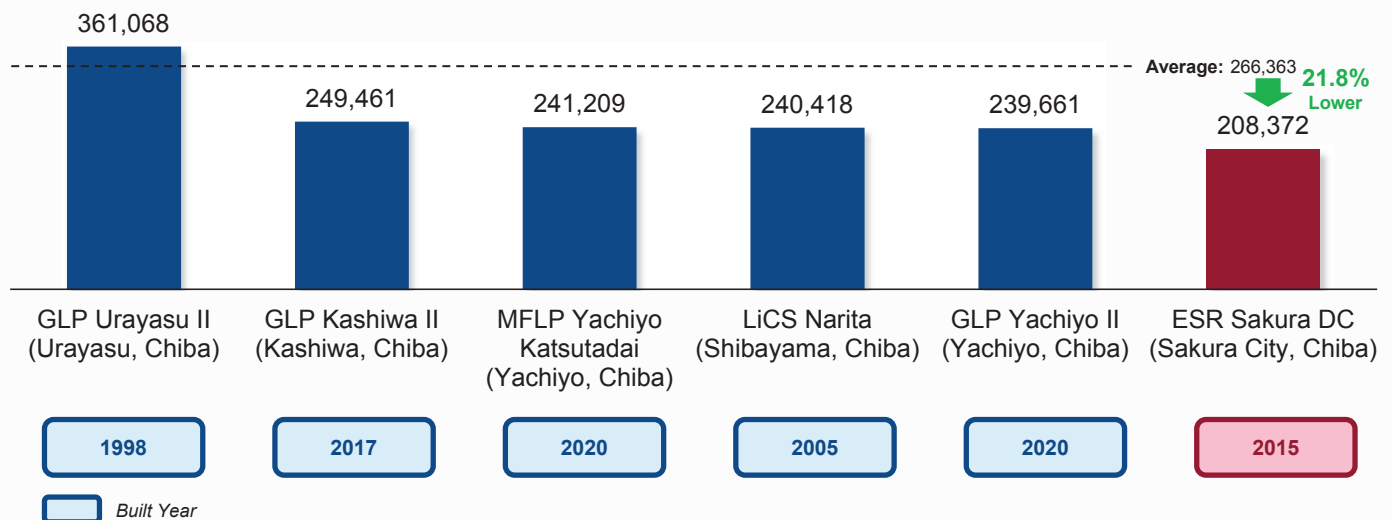
40.6%

## 2 ATTRACTIVE NPI YIELD AND PURCHASE PRICE

Attractive NPI yield of c.4.35% and Purchase Consideration of JPY 208,372 per sqm (approximately 21.8% lower than market comparables on average)<sup>(2)</sup>

### Lowest Price per sqm Among Recent Logistics Asset Transactions in the Chiba Prefecture, Tokyo

(Value per sqm in JPY)



Notes: (1) The pro forma financial effects of the Japan Acquisition on the amount available for distribution to E-LOG Unitholders, the number of Units and E-LOG's DPU, and the accretion thereof, for FY2021, assuming that the Japan Acquisition had been completed on 1 January 2021 and E-LOG had held and operated the property through to 31 December 2021, and assuming that, among other bases and assumptions stated below, the Merger, E-LOG PERP Issuance and Divestments were completed on 1 January 2021. (2) Based on selected transactions from the CBRE valuation report dated 1 August 2022.

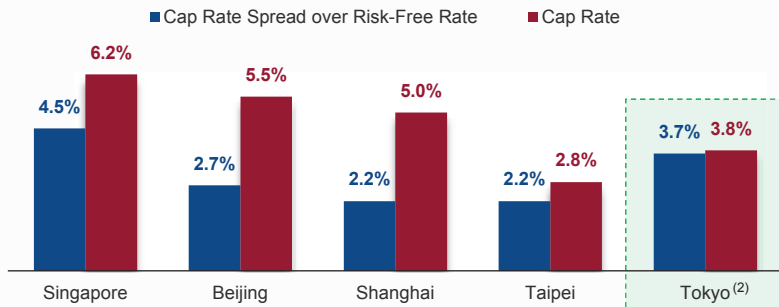


# Transaction Rationale (Cont'd)

## 3 MAIDEN ENTRY INTO JAPAN'S ATTRACTIVE AND ASSET SCARCE LOGISTICS MARKET

Attractive entry point into a market which exhibits good risk / reward investment

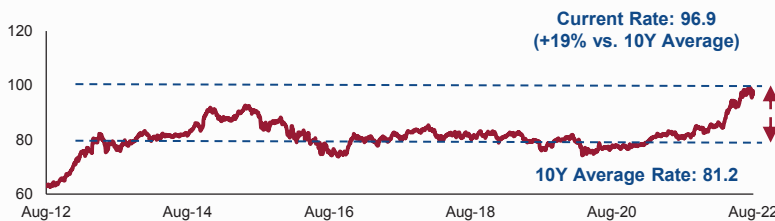
Attractive Yield Spreads<sup>(1)</sup> for Japan Logistic Investments Driven by the Bank of Japan's Adoption of a Negative Interest Rate Policy



### What Does This Mean For the ESR-LOGOS REIT

- 1 High yield spreads for Japanese real estate is driven by the **Bank of Japan's adoption of a negative interest rate policy**
- 2 Long term government bond yields expected to remain low as the BoJ is expected to **maintain its current monetary policy** despite inflationary pressures
- 3 JPYSGD exchange rate is currently lower than the 10-year average, resulting in **favorable capital market conditions to raise offshore capital** with potential upside from **FX gains** on income distributions

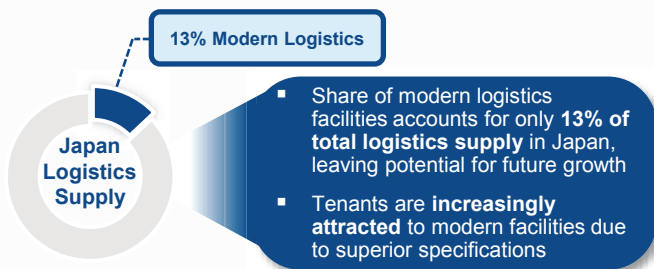
JPYSGD Chart (JPY per S\$)



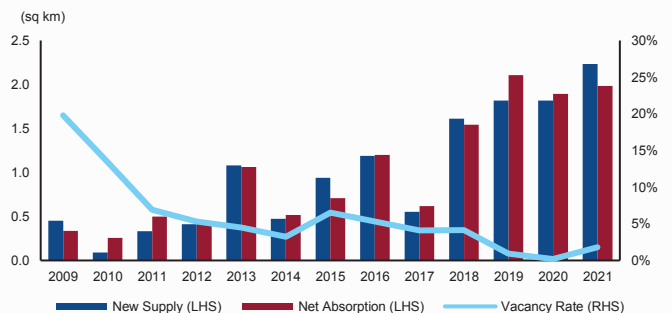
## 3 SECTOR FUNDAMENTALS UNDERPINNED BY ATTRACTIVE MARKET DYNAMICS

Strong supply and demand dynamics expected to drive positive rent growth

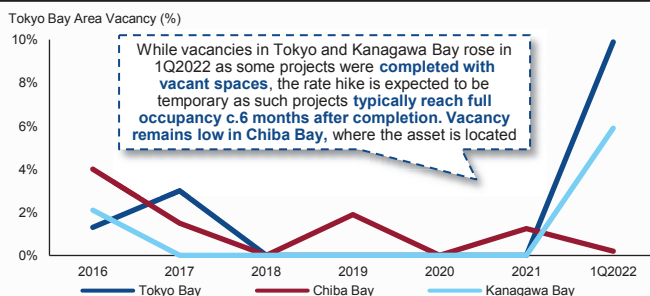
### High Demand for Modern Logistics Warehouse



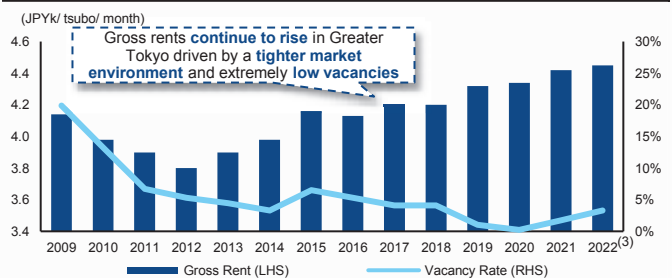
### High Net Absorption in Greater Tokyo



### Low Vacancy Rates Across the Industry



### Rising Rental Rates in Greater Tokyo



Source: Monetary Authority of Singapore, Macrobond, ARES, Knight Frank Asia-Pacific, Knight Frank Consultancy, Jones Lang LaSalle K.K., the Independent Market Research Consultant, FactSet. Market data as of 11 August 2022. Notes: (1) Refers to the cap rate spread over risk-free rate. The 10-year government bond yield is taken as a proxy of the risk-free rates. All government bond yields are based on the respective country of origination. "Cap rate" means Capitalisation Rate which refers to the expected rate of return on a real estate investment property. (2) Refers to the "23 Special Wards of Tokyo". (3) Based on figures for 1Q2022.

# Transaction Rationale (Cont'd)

## 3 PRIME LOCATION WITH EXCELLENT CONNECTIVITY

Strategically located asset with excellent connectivity to major transportation nodes and transportation infrastructure

### Good Location within Greater Tokyo...



#### Legend:



### ...Connected to Major Transport Nodes

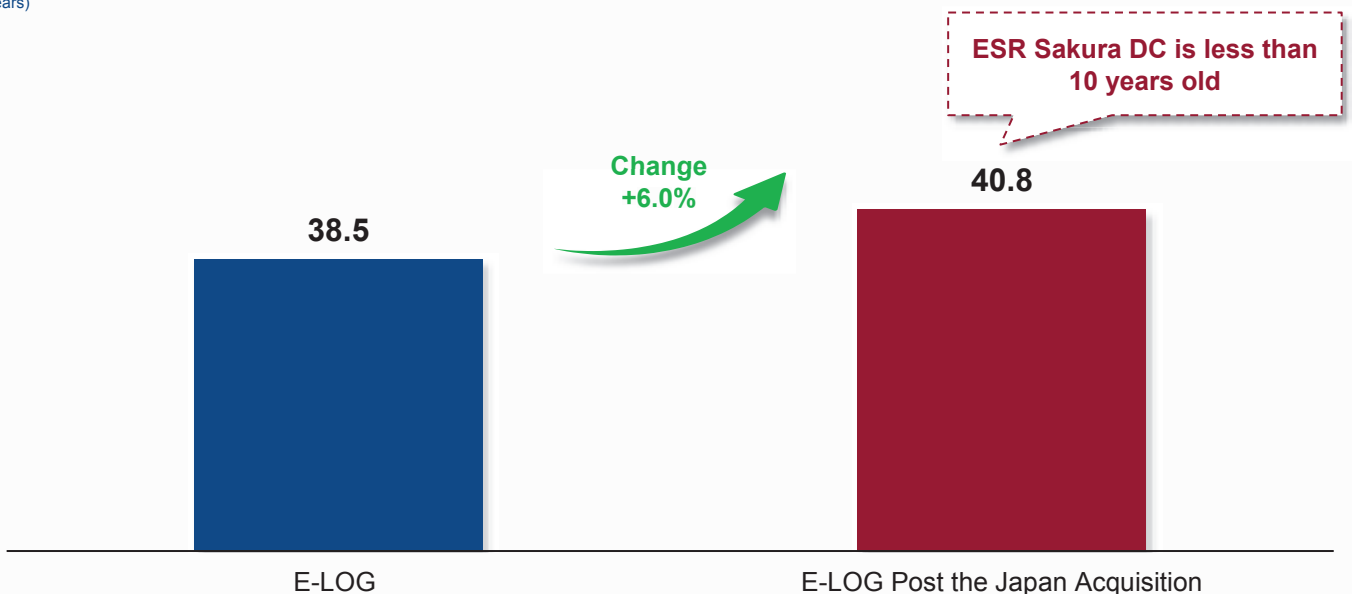
- 1** Located in the Chiba Logistics Market, located c.40km east of the Tokyo CBD, which includes:
  - **Narita International Airport**, the largest air freight transportation centre in Japan
  - **Chiba Port**, Japan's largest seaport and 2<sup>nd</sup> busiest container port
- 2** 1.9km from the **Higashi Kanto Expressway**, providing connectivity to **central Tokyo** and the **East/North-East** of the Greater Tokyo Region
- 3** Located within an **Exclusive Industrial District**, where:
  - Only **14% of the 327ha of land** is designated as industrial<sup>(1)</sup>
  - Substantial industrial-zoned land has been **fully built out**, limiting new supply

## 4 ESR SAKURA DC IS FREEHOLD AND COMPLETED IN 2015

E-LOG will gain more exposure to freehold assets which do not suffer from valuation decay as a result of declining land lease

### Extended Land Lease Expiry Profile<sup>(2)(3)</sup>

(Years)



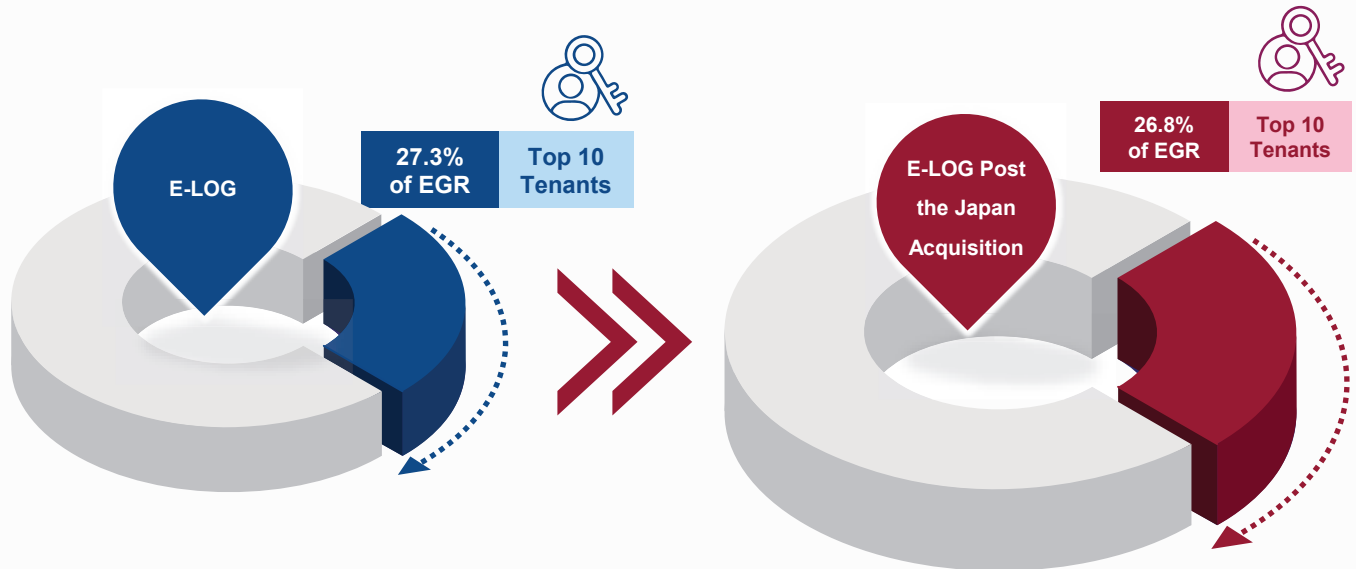
Notes: Unless otherwise stated, all references to portfolio metrics in this presentation are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022. (1) According to Ministry of Land, Infrastructure and Transport of Japan's urban land use planning. (2) Excludes properties held by the three property funds in Australia which E-LOG is an investor (the "Fund Properties"). Weighted on valuation as at 30 June 2022. (3) Assumes freehold land has an equivalent land lease tenure of 99 years.

# Transaction Rationale (Cont'd)

## 5 HIGH QUALITY ASSET POSITIONING E-LOG FOR GROWTH

Acquisition of ESR Sakura DC enhances tenant diversification

Reduced Contribution by Top 10 Tenants<sup>(1)</sup>



## 6 FUTURE-READY NEW ECONOMY ASSET | ESR SAKURA DC

Well-Spec Modern Logistics Asset

The central image shows an aerial view of the ESR Sakura DC warehouse. Five callout boxes provide details about its features:

- Green Features:** Roof space features solar panels while c.42% of Net Lettable Area fitted with eco-friendly LED lighting.
- Floor Loading and Ceiling Height:** Warehouse floor loading of 15 kilonewton/sqm and ceiling height of 5.5m.
- Loading/Unloading Bays:** 1<sup>st</sup> Storey: 21 bays and 6 dock levellers; 4<sup>th</sup> Storey: 13 bays and 3 dock levellers.
- Ancillary Amenities:** Office workspaces for tenants, a cafeteria, convenience stores and adequate parking lots.
- Access:** 5-storey modern warehouse facility accessible by ramp and 11 cargo lifts.

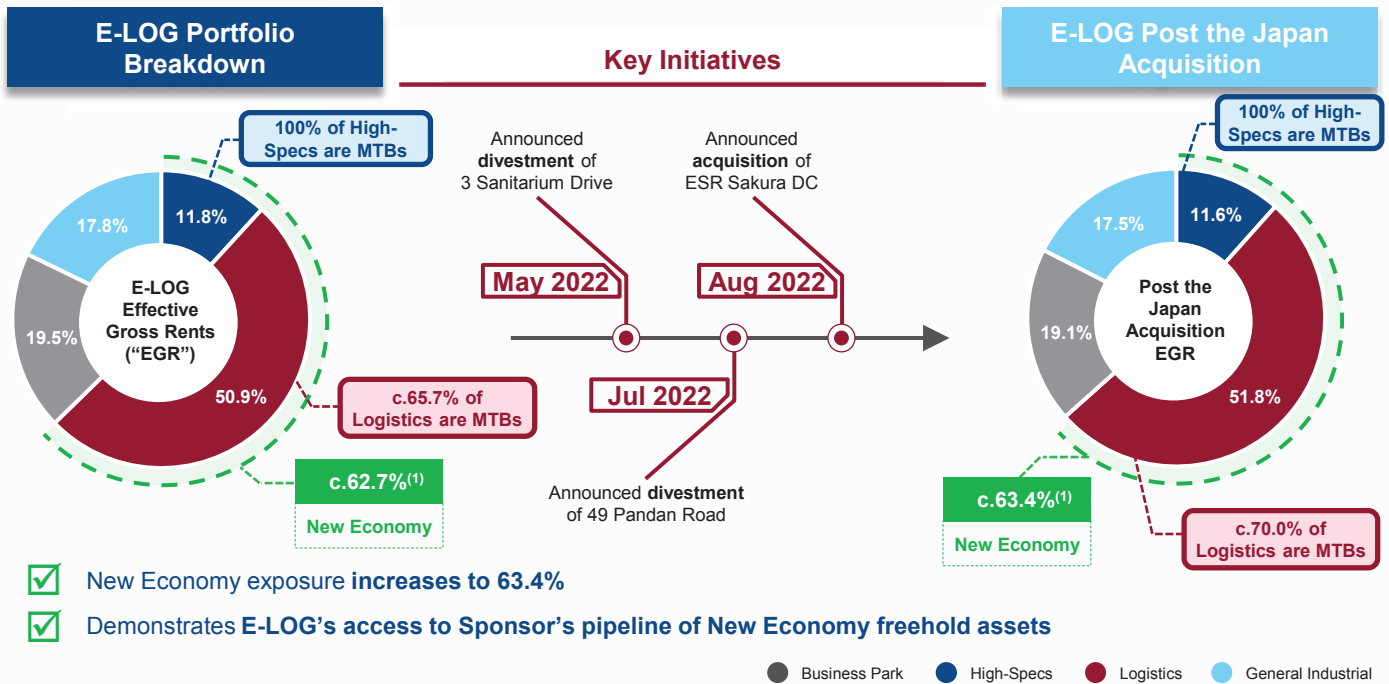
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# Transaction Rationale (Cont'd)

06

## 6 DELIVERY OF PORTFOLIO RECONSTITUTION STRATEGY TO ESTABLISH E-LOG AS A LEADING NEW ECONOMY REIT

Execution of E-LOG's portfolio constitution and acquisition strategy to create the flagship New Economy REIT



- ✓ New Economy exposure increases to 63.4%
- ✓ Demonstrates E-LOG's access to Sponsor's pipeline of New Economy freehold assets

## 7 ALIGNMENT OF INTERESTS / SPONSOR SUPPORT

Sponsor Support demonstrates alignment of interest with Unitholders in supporting E-LOG's growth by providing transaction certainty and mitigating risks for E-LOG

### i Sponsor to backstop E-LOG's risk of forfeiting the deposit

- A key condition of the willingness of the Fund Vendor to sell ESR Sakura DC that a **deposit of JPY 872.5 million (approximately S\$9.0 million)** (the "Deposit") is payable upon signing of the sale and purchase agreement and such Deposit will not be refundable after 31 August 2022<sup>(2)</sup>
- As E-LOG would not be able to convene an EGM to obtain Unitholder's approval for the Japan Acquisition prior to 31 August 2022, the Deposit would be forfeited if Unitholders do not approve proceeding with the Japan Acquisition
- To backstop E-LOG's risks of having the Deposit forfeited, the Sponsor Vendor, as a show of support to E-LOG to allow E-LOG to secure the transaction, has therefore agreed to enter into the Fund SPA and on-sell the asset to E-LOG via the Japan Sale and Purchase Agreement (which provides for the refund of the Deposit from the Sponsor Vendor to E-LOG<sup>(3)</sup> in the event Unitholders do not approve proceeding with the Japan Acquisition)

### ii Sponsor to provide 12 months Rental Support to mitigate leasing risks

- The Sponsor Vendor has agreed to provide E-LOG with a rental support for the vacant space (25% of NLA) which the Fund Vendor would not be providing
- The 12 months of rental support for the vacant space amounting to JPY 236.5 million (approximately S\$2.4 million) (the "Rental Support") is (i) based on market rent and (ii) in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC
- Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates
- The Rental Support will also be used to cover any rent free period(s) provided to new tenant(s) for securing new lease(s)

**The Sponsor Vendor will acquire ESR Sakura DC (at the purchase price of JPY17,450 million without rental support) from the Fund Vendor and on-sell the asset to E-LOG at JPY17,800 million<sup>(4)</sup> with 12 months of Rental Support**

Notes: Unless otherwise stated, all references to portfolio metrics in this presentation are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022. (1) Based on Effective Gross Rents for the month of June 2022. Excludes contribution from Fund Properties. (2) For the avoidance of doubt, 31 August 2022 is NOT the long stop date for completion of the Japan Acquisition. The long stop date for the completion of the Japan Acquisition is 31 October 2022. (3) Subject to the Sponsor Vendor selling 100% of the trust beneficiary interest in ESR Sakura DC. (4) The purchase price of JPY 17,800 million is below the two independent valuations conducted by CBRE and Colliers at JPY 18,000 million and JPY 18,030 million respectively, taking into account the 12 months of Rental Support and current market conditions. The Investors were initially offered the purchase price of JPY 17,800 million with the condition of providing Rental Support and waiving the non-refundable deposit date of 31 August 2022. However, there was no unanimous approval obtained from the Investors in relation to such offer, hence the Sponsor Support is required.



# Transaction Rationale (Cont'd)

07

## 7 ALIGNMENT OF INTERESTS / SPONSOR SUPPORT

Rental Support reduces potential leasing risks of the current vacant areas and provides income stability

### Details of the Rental Support Structure

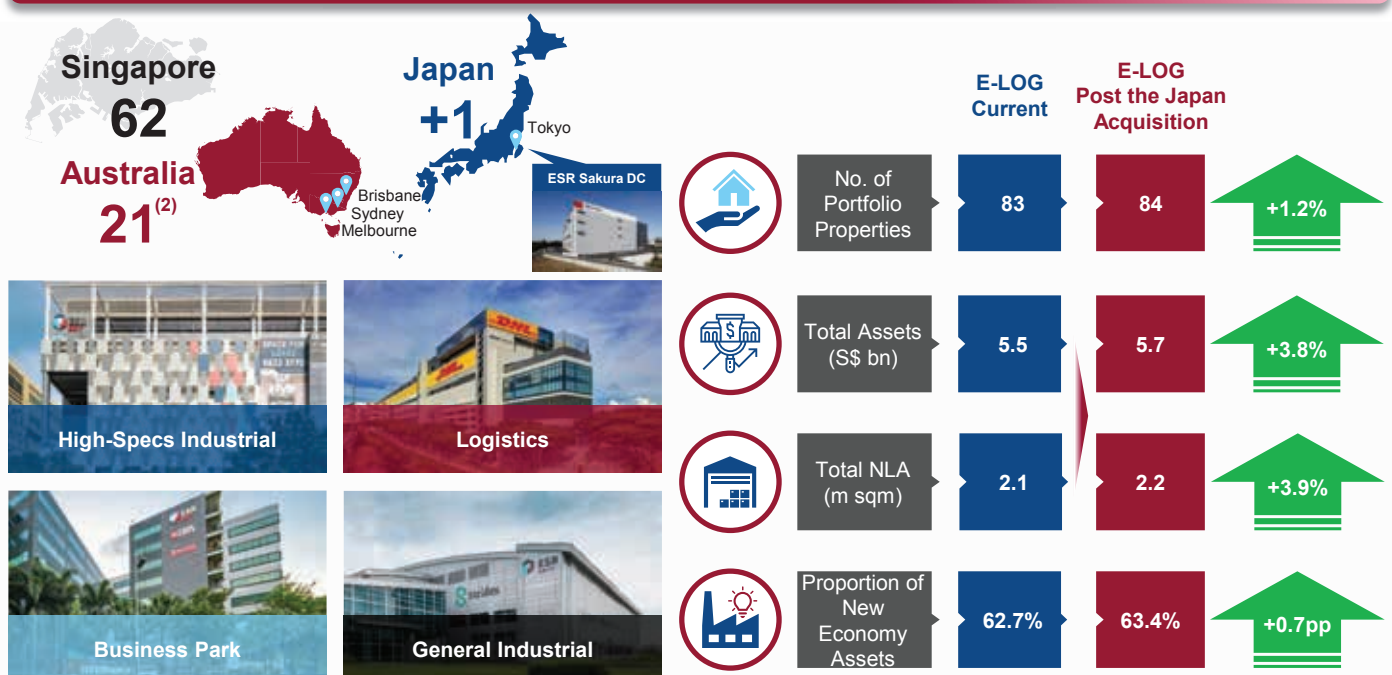
Total Rental Support Amount	<ul style="list-style-type: none"> <li>JPY236.5 million (approximately S\$2.4 million)</li> </ul>
Rental Support Period	<ul style="list-style-type: none"> <li>12 months commencing after the Date of Completion</li> </ul>
Rental Support Amount	<ul style="list-style-type: none"> <li>JPY3,200 per tsubo per month</li> </ul>
Safeguards	<ul style="list-style-type: none"> <li>E-LOG will retain the Total Rental Support Amount from the purchase consideration</li> <li>Any amount not utilized will be returned to the Sponsor Vendor after the Rental Support Period</li> </ul>

### Rationale

- ✓ Provide **rental support** to E-LOG for a period of **12 months** from the completion date in respect of the vacant space to **mitigate leasing** risks as time is required to secure and negotiate lease for the vacant space
- ✓ The 12 months of rental support for the vacant space (c.25% of NLA) is **(i) based on market rent and (ii) is in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC**
- ✓ Rental support will also be used to **cover any rent free period(s)** provided to new tenant(s) for securing new lease(s)
- ✓ Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates
- ✓ **Provides income stability for Unitholders and mitigates potential leasing risks**

## ESR-LOGOS REIT: FUTURE-READY APAC NEW ECONOMY REIT

Extended footprint into one of the largest logistics markets in APAC



Notes: Unless otherwise stated, all references to portfolio metrics in this presentation are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022. (1) Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates. (2) Excludes Fund Properties.

ESR Sakura DC acquisition is in line with E-LOG's long-term strategy to create a high quality New Economy REIT



1

### Transaction is DPU Accretive to Unitholders

- Transaction is DPU accretive and will drive long term value for Unitholders, with funding already secured for the transaction

2

### Attractive NPI Yield and Purchase Price

- Relatively new facility transacted at highly attractive price per sqm, c.21.8% lower than transacted market comparables

3

### Maiden Entry into Japan's Attractive and Asset Scarce Logistics Market Leveraging on Sponsor's Local Presence

- Strategically-located asset well-connected to major transport nodes
- Attractive sector fundamentals underpinned by the favorable risk / return profile and strong supply and demand dynamics of the Greater Tokyo logistics market

4

### ESR Sakura DC is Freehold and Completed in 2015

- Increases E-LOG's exposure to freehold assets
- Asset is less than 10 years old

5

### High Quality Asset Positioning E-LOG for Growth

- Strengthens E-LOG's portfolio metrics and enhances income resilience through diversification

6

### Delivery of Portfolio Reconstitution Strategy to Establish E-LOG as a Leading New Economy REIT

- Further increase E-LOG's New Economy exposure
- Demonstrates superior access to Sponsor's pipeline and commitment to execute the US\$2.0bn acquisition pipeline

7

### Alignment of Interest with Unitholders / Sponsor Support

- Sponsor to backstop E-LOG's risk of forfeiting the deposit
- Sponsor to provide 12 months of Rental Support to mitigate leasing risks

# Approvals Required and Directors' Recommendation

09

## UNITHOLDER APPROVALS REQUIRED

Approvals Required	Requirements
<ul style="list-style-type: none"><li>Interested Person Transaction Pursuant to the Listing Manual</li><li>Interested Party Transaction Pursuant to the Property Funds Appendix</li></ul> <p>(Ordinary Resolution)</p>	<ul style="list-style-type: none"><li>The Manager is seeking approval from unitholders of E-LOG for the proposed Japan Acquisition, as an interested person transaction (Ordinary Resolution)</li><li>Majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed</li><li>The Sponsor, LOGOS and their associates are prohibited from voting on the resolution to approve the Japan Acquisition</li></ul>

## WHAT DO THE DIRECTORS RECOMMEND?

“Having regard to the **rationale for and key benefits of the Japan Acquisition** as set out in paragraph 3 above, the Independent Directors and the Audit, Risk Management and Compliance Committee believe that the Japan Acquisition is on **normal commercial terms** and is **not prejudicial to the interests of E-LOG and its minority Unitholders**.

Accordingly, the Independent Directors and the Audit, Risk Management and Compliance Committee **recommend that Unitholders vote at the EGM in favour** of the Resolution relating to the Japan Acquisition.”



**ESR-LOGOS REIT INDEPENDENT DIRECTORS AND THE AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE.**

**YOU ARE ADVISED AGAINST RELYING SOLELY ON THIS EXTRACT WHICH IS ONLY MEANT TO DRAW ATTENTION TO THE RECOMMENDATIONS OF THE ESR-LOGOS REIT INDEPENDENT DIRECTORS AND THE AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE.**

# EGM and Voting Instructions

10

The EGM is being convened, and will be held, at  
Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard,  
Singapore 039593 and by way of electronic means on 12 October 2022 at 10.00 a.m.

## Individuals

- i. Attend the EGM and vote "live" at the Physical Meeting or Virtual Meeting
- ii. Unitholders to bring their own web-browser enabled devices for voting<sup>(1)</sup> at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting; instructions will be provided at the start of the EGM on how to vote



## Individuals / Corporate (by Proxy)

- i. Appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf; Unitholders must
  - i. complete and submit the Proxy Form; and
  - ii. pre-register the proxy(ies) at the Pre-Registration Page by 9 October 2022 (Sunday), 10.00 a.m.;
  - iii. Duly completed Proxy Forms must be deposited with E-LOG:
    - i. via post to the office of the Unit Registrar of E-LOG at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632;
    - ii. via email to [SRS.TeamE@boardroomlimited.com](mailto:SRS.TeamE@boardroomlimited.com) (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or
    - iii. (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.
  - iv. Proxies to bring their own web-browser enabled devices for voting<sup>(1)</sup> at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting; instructions will be provided at the start of the EGM on how to vote
- ii. Appoint the Chairman of the EGM as proxy to vote on their behalf



## CPF / SRS Investors and Relevant Intermediary<sup>(2)</sup> Unitholders

- i. Relevant Intermediary<sup>(2)</sup> Unitholders and CPF/SRS investors who wish to vote at the EGM should approach their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators as soon as possible
- ii. In the case of CPF/SRS investors, they must do so at least seven (7) working days before the EGM (i.e. by 3 October 2022 (Monday), 5.00 p.m.)
- iii. Relevant Intermediary Unitholders and CPF/SRS investors may:
  - i. Vote "live" at the Physical Meeting or Virtual Meeting, if they are appointed as proxies by their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators; or
  - ii. Specify their voting instructions to / arrange for their votes to be submitted with their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators (in the case of CPF/SRS investors, by the date specified above)



## Physical and Virtual EGM:

12 October 2022 (Wednesday), 10.00 a.m.

Pre-register online at <https://smartagm.sg/esrlogosreitegm12October2022> by 9 October 2022 (Sunday), 10.00 a.m.

## 2 possible outcomes for the proposed acquisition



### Outcome 1:

ESR-LOGOS REIT Unitholders vote **in favour** of the Japan Acquisition



### Outcome 2:

ESR-LOGOS REIT Unitholders vote **against** the Japan Acquisition

Notes: (1) Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities. Unitholders and proxies should also have their Confirmation Email containing their unique user credentials handy, for reference, as they will be required to log-in using their unique user credentials following the instructions set out in the Confirmation Email provided to them. (2) "Relevant Intermediary" means (i) a banking corporation licensed under the Banking Act 1970, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity; (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.



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## CORPORATE INFORMATION

<b>Directors of ESR-LOGOS Funds Management (S) Limited (the manager of E-LOG) (the “Manager” and the directors of the Manager, the “Directors”)</b>	:	Ms Stefanie Yuen Thio (Independent Chairperson) Mr Nagaraj Sivaram (Independent Non-Executive Director) Dr Leong Horn Kee (Independent Non-Executive Director) Mr Ronald Lim (Independent Non-Executive Director) Mr Jeffrey Perlman (Non-Executive Director) Mr Philip Pearce (Alternate Director to Jeffrey Perlman) Mr Wilson Ang (Non-Executive Director) Mr Trent Iliffe (Non-Executive Director) Mr Adrian Chui (Chief Executive Officer and Executive Director)
<b>Registered Office of the Manager</b>	:	8 Changi Business Park Avenue 1 #05-51 ESR BizPark@Changi (South Tower) Singapore 486018
<b>Trustee of E-LOG (the “Trustee”)<sup>1</sup></b>	:	RBC Investor Services Trust Singapore Limited 8 Marina View #26-01 Asia Square Tower 1 Singapore 018960
<b>Legal Adviser to the Manager as to Singapore Law</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Trustee as to Singapore Law</b>	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624

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1 As at the date of this Circular, the trustee of E-LOG is RBC Investor Services Trust Singapore Limited. However, the Manager has on 14 April 2022 entered into a deed of retirement and appointment of Trustee (the "**Supplemental Deed**") with RBC Investor Services Trust Singapore Limited (in its capacity as retiring trustee of E-LOG) and Perpetual (Asia) Limited (in its capacity as new trustee of E-LOG). Perpetual (Asia) Limited will be appointed by the Manager as Trustee of E-LOG with effect from the date on which the Conditions Precedent (as defined in the Supplemental Deed) are confirmed by the Manager to be fulfilled or such other date as the parties to the Supplemental Deed may agree in writing.

- Legal Adviser to the Manager as to Japan Law** : Mori Hamada & Matsumoto  
2-6-1 Marunouchi, Chiyoda-ku, Tokyo  
Marunouchi Park Building  
100-8222, Japan
- Unit Registrar** : Boardroom Corporate and Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632
- Independent Valuers of ESR Sakura DC** : **CBRE K.K.**  
(appointed by the Trustee)  
Meiji Yasuda Seimei Bldg. 18F  
2-1-1 Marunouchi, Chiyoda-ku  
Tokyo 100-0005, Japan
- Colliers International Japan KK**  
(appointed by the Manager)  
Hibiya Kokusai Building 5F  
2-2-3, Uchisaiwaicho, Chiyoda-ku  
Tokyo 100-0011, Japan
- Independent Market Research Consultant of ESR Sakura DC** : **Jones Lang LaSalle K.K.**  
Prudential Tower  
2-13-10  
Nagata-cho, Chiyoda-ku  
Tokyo 100-0014

## OVERVIEW

*The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 44 to 48 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.*

*For illustrative purposes, certain JPY amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations have been made based on the illustrative exchange rate of JPY 97.00 = S\$1.00. Such translations should not be construed as representations that JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all.*

### OVERVIEW OF ESR LOGOS REIT (“E-LOG”)

E-LOG is a leading New Economy<sup>1</sup> and future-ready Asia Pacific Singapore real estate investment trust. Listed on the SGX-ST since 25 July 2006, E-LOG invests in quality income-producing industrial properties in key gateway markets. As at 30 June 2022, E-LOG holds interests in a diversified portfolio of logistics properties, high-specifications industrial properties, business parks and general industrial properties with total assets of approximately S\$5.5 billion. As at 30 June 2022, its portfolio comprises 83 properties<sup>2</sup> (excluding the property located at 48 Pandan Road which is presently held through a joint venture) located across the developed markets of Singapore (62 assets) and Australia (21 assets<sup>3</sup>) (“**Existing Properties**”), with a total gross floor area of approximately 2.3 million square metres (“**sqm**”), as well as investments in three property funds in Australia (“**Existing Australia Funds**” which together with the Existing Properties, constitute the “**Existing Portfolio**”). For the avoidance of doubt, the Existing Properties do not include the properties held by the Existing Australia Funds). E-LOG is also a constituent of the FTSE EPRA Nareit Global Real Estate Index. For the purposes of this Circular, the information on the Existing Properties is as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022.

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1 “**New Economy**” means the logistics and high-specs industrial space which caters to the dominant technology-centric sectors such as e-commerce, logistics, data-centre info-comm and advanced manufacturing. For example, modern ramp-up logistics space which integrates the use of technology has overtaken traditional cargo-lift warehouses as the dominant form of industrial real estate as they are essential for the rapid delivery of goods via e-commerce.

2 As at the Latest Practicable Date (as defined herein), E-LOG’s portfolio comprises 82 properties as the divestment of 3 Sanitarium Drive was completed on 22 July 2022.

3 As at the Latest Practicable Date (as defined herein), E-LOG’s portfolio comprises 20 assets in Australia as the divestment of 3 Sanitarium Drive was completed on 22 July 2022.



## OVERVIEW OF THE PROPOSED JAPAN ACQUISITION

The Manager proposes that E-LOG acquires a logistics property known as ESR Sakura Distribution Centre located at 2464-11 and others, Ota, Sakura-shi, Chiba-ken (“**ESR Sakura DC**”), by way of an acquisition of 100% of the trust beneficiary interest in ESR Sakura DC (the “**Japan Acquisition**”).

The Board of Directors of the Manager is of the view that the risk profile of E-LOG would not change adversely as a result of the Japan Acquisition as ESR Sakura DC is a logistics asset and the existing portfolio of E-LOG includes logistics assets. While the Japan Acquisition is E-LOG’s first acquisition in Japan, and E-LOG would be exposed to risks relating to investment in Japan, with Japan being a developed country, it is not expected that the risk profile of E-LOG would change adversely. In addition, upon completion of the Japan Acquisition, ESR Sakura DC would only comprise approximately 3.3% of E-LOG’s Deposited Property.

For the purposes of this Circular, “**Enlarged Portfolio**” comprises the Existing Portfolio and ESR Sakura DC. (See **Appendix A** of this Circular for further details on ESR Sakura DC.)

The property information contained in this Circular on the Existing Portfolio and Enlarged Portfolio is as at 30 June 2022 unless otherwise stated.

## SUMMARY OF APPROVAL SOUGHT

The Manager is seeking approval from unitholders of E-LOG (“**Unitholders**”) for the proposed Japan Acquisition, as an interested person transaction (Ordinary Resolution).

## THE PROPOSED JAPAN ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

On 29 August 2022, ESR-LOGOS REIT TMK1 (“**ESR TMK**”), a Japan *tokutei mokuteki kaisha* (“**TMK**”)<sup>1</sup> which is indirectly wholly-owned by E-LOG, entered into a sale and purchase agreement (the “**Japan Sale and Purchase Agreement**”) with ESR 34 GK (the “**Sponsor Vendor**”), to acquire 100% of the trust beneficiary interest<sup>2</sup> in ESR Sakura DC for a purchase consideration of approximately S\$183.5 million (JPY 17,800 million) including rental support.

(See Paragraph 4.3 of this Letter to Unitholders for further details of the Rental Support.)

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1 A TMK is a corporate entity often used for real estate investments where the TMK acquires actual real properties or trust beneficiary interest. A TMK in most cases are structured to be bankruptcy-remote and is independent from any other entities. This structure provides limited liability to the investors and is able to avail of a special tax treatment such that the TMK pays minimal or no Japanese corporate income tax if certain requirements are met.

2 Real estate may be held in the form of a trust beneficiary interest by entrusting the real estate to a trust. Trust Beneficiary Interest is issued by a trust bank licensed in Japan. This is a common ownership structure for foreign asset ownership in Japan to optimise certain transaction taxes, such as real estate acquisition or registration tax.

The Sponsor Vendor had also on 29 August 2022 entered into a sale and purchase agreement (the “**Fund SPA**”) with RW Sakura TMK (the “**Fund Vendor**”), which currently holds 100% of the trust beneficiary interest in ESR Sakura DC to acquire such interest from the Fund Vendor for a purchase consideration of approximately S\$179.9 million (JPY 17,450 million) without rental support. Thereafter, subject to Unitholders approving the Japan Acquisition, the Sponsor Vendor will sell 100% of the trust beneficiary interest in ESR Sakura DC to ESR TMK pursuant to the terms of the Japan Sale and Purchase Agreement.

(See paragraph 4.1 of the Letter to Unitholders for details regarding the structure of the Japan Acquisition.)

The Fund Vendor is indirectly held by a fund, and the investors in the fund are third party investors (effective stake of 85.7%) and ESR Group Limited (the “**Sponsor**”), which only has a minority stake of 14.3% in ESR Sakura DC (the third party investors and together with the “**Sponsor**”, the “**Investors**”).

In order to secure this transaction for E-LOG, which is attractive for E-LOG due to the merits of the transaction as set out in paragraph 3 of the Letter to Unitholders, the Sponsor is providing the following support to allow E-LOG to secure the transaction and to mitigate the short-term leasing risks to E-LOG (the “**Sponsor Support**”). Accordingly, the Japan Acquisition is structured via two separate sale and purchase agreements (being, (1) the Fund SPA between the Sponsor Vendor (as buyer) and the Fund Vendor (as seller) which currently owns ESR Sakura DC and (2) the Japan Sale and Purchase Agreement between ESR TMK (as buyer) and the Sponsor Vendor (as seller)):

**(i) Sponsor to backstop E-LOG’s risk of forfeiting the Deposit**

it is a condition of the Fund Vendor that the purchaser of ESR Sakura DC provides a deposit of JPY 872.5 million (approximately S\$9.0 million) (the “**Deposit**”) to show its commitment to the acquisition, and accordingly, the Deposit is payable upon signing of the sale and purchase agreement and such Deposit will not be refundable after 31 August 2022<sup>1</sup>. As E-LOG would not be able to convene an EGM to obtain Unitholder’s approval for the Japan Acquisition prior to 31 August 2022, the Deposit would be forfeited if Unitholders do not approve proceeding with the Japan Acquisition. As such, while E-LOG is able to sign a sale and purchase agreement directly with the Fund Vendor, the Deposit which is payable upon signing of such a sale and purchase agreement will become non-refundable on 31 August 2022. The Sponsor Vendor, as a show of support to E-LOG to allow E-LOG to secure the transaction, has therefore agreed to enter into the Fund SPA to backstop E-LOG’s risks of having the Deposit forfeited in the event Unitholders do not approve proceeding with the Japan Acquisition. The Japan Sale and Purchase Agreement provides for the refund of the Deposit from the Sponsor Vendor to ESR TMK

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<sup>1</sup> For the avoidance of doubt, 31 August 2022 is **NOT** the long stop date for completion of the Japan Acquisition. The long stop date for the completion of the Japan Acquisition is 31 October 2022.

(subject to the condition as set out in paragraph 4.2(i) of the Letter to Unitholders);  
and

**(ii) Sponsor to provide 12 months of rental support to mitigate leasing risks**

the Sponsor Vendor has agreed to provide E-LOG with a rental support which the Fund Vendor would not be providing, in relation to the vacant space comprising approximately 25% of the NLA. The rental support provided is for a period of 12 months from the completion date in respect of the vacant space to mitigate its leasing risks. The 12 months of rental support for the vacant space amounting to JPY 236.5 million (approximately S\$2.4 million) (the “**Rental Support**”) is (i) based on market rent and (ii) in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC. Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates. In addition, the Rental Support will also be used to cover any rent free period(s) provided to new tenant(s) for securing new lease(s)<sup>1</sup>. In connection with the provision of the Rental Support which the Fund Vendor is not agreeable to provide, the Sponsor Vendor entered into the Fund SPA with the Fund Vendor to acquire ESR Sakura DC (at the purchase price of JPY 17,450 million without rental support) and on-sell ESR Sakura DC to E-LOG at JPY 17,800 million with 12 months of Rental Support pursuant to the terms of the Japan Sale and Purchase Agreement. The Japan Purchase Consideration (as defined below) of JPY 17,800 million is below the two independent valuations conducted by CBRE and Colliers at JPY 18,000 million and JPY 18,030 million respectively, taking into account the 12 months of Rental Support and current market conditions.

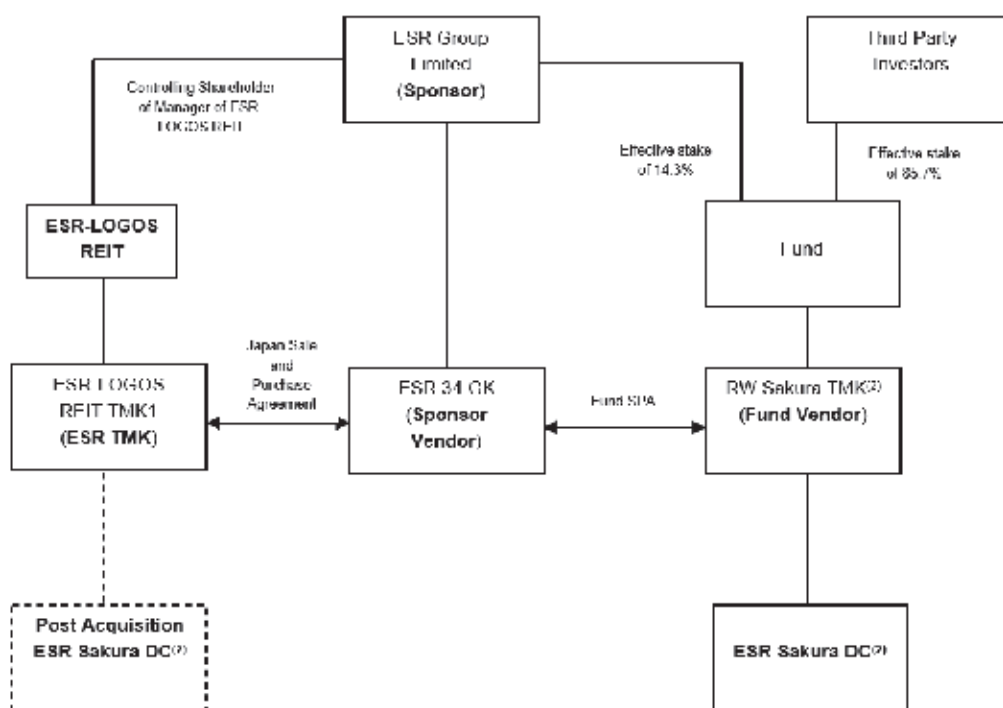
The Sponsor Support in relation to the Japan Acquisition further demonstrates the alignment of interests of the Sponsor with that of Unitholders in supporting E-LOG’s growth by providing transaction certainty and mitigating risks for E-LOG. The Investors were initially offered the purchase price of JPY 17,800 million with the condition of providing Rental Support and waiving the non-refundable deposit date of 31 August 2022. However, there was no unanimous approval obtained from the Investors in relation to such offer, hence the Sponsor Support is required.

The following diagram sets out a simplified holding chart to show the structure of the transaction and the relationship between the parties.

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<sup>1</sup> Depending on the term of the lease (including, but not limited to, the rental rate and duration of the lease secured), the typical rent-free period is between two to five months.

## RELATIONSHIP BETWEEN INTERESTED PERSONS AND E-LOG<sup>(1)</sup>



### Notes:

- (1) The above chart is a simplified holding chart to show the structure of the transaction and the relationship between the parties. Accordingly, the various intermediate holding entities are not represented in the chart above.
- (2) The trustee of ESR Sakura DC is Mitsubishi UFJ Trust and Banking Corporation pursuant to the Trust Property Management and Disposition Trust Agreement (*trustan kamri shoben shintaku keiyakusho*) dated 14 November 2018 entered into by the Fund Vendor and the LSR Sakura Trustee as may be amended.

(See paragraph 3 of the Letter to Unitholders for further details on the merits of the Japan Acquisition.)

## DETAILS OF THE JAPAN ACQUISITION

### Description of ESR Sakura DC

#### *ESR Sakura DC*

ESR Sakura DC comprises a five-storey logistics property in Sakura City, Chiba Prefecture in Tokyo, with a total land area of 41,658.2 sqm, an overall occupancy rate of 75.0% and a weighted average lease expiry (“**WALE**”) of 2.9 years as at 30 June 2022. ESR Sakura DC is freehold and was completed in 2015. As such, the age of the asset is less than 10 years old.

(See **Appendix A** of this Circular for further details on ESR Sakura DC.)

### Consideration and Valuation

#### *Consideration*



The consideration payable for the Japan Acquisition is approximately S\$183.5 million (JPY 17,800 million) (“**Japan Purchase Consideration**”) for the acquisition of ESR Sakura DC.

The Japan Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of ESR Sakura DC.

**Valuation of ESR Sakura DC**

The Trustee has commissioned an independent valuer, CBRE K.K. (“**CBRE**”), and the Manager has commissioned an independent valuer, Colliers International Japan KK (“**Colliers**” and together with CBRE, the “**Japan Independent Valuers**”) to value ESR Sakura DC. The valuations of ESR Sakura DC as at 30 June 2022 are set out below.

	<b>CBRE</b>	<b>Colliers</b>
With the Rental Support (as defined herein)	JPY 18,000 million (approximately S\$185.6 million)	JPY 18,030 million (approximately S\$185.9 million)
Without the Rental Support	JPY 17,800 million (approximately S\$183.5 million)	JPY 17,730 million (approximately S\$182.8 million)

(See Paragraph 4.3 of this Letter to Unitholders for further details of the Rental Support.)

In arriving at the market value of ESR Sakura DC, the Japan Independent Valuers relied on the capitalisation approach, discounted cash flow analysis methods and cost approach.

(See **Appendix C** for the valuation summary reports and valuation certificates by the Japan Independent Valuers for further details.)

**Total Acquisition Outlay**

The total acquisition outlay for the Japan Acquisition (the “**Total Acquisition Outlay**”) is estimated to be approximately S\$187.0 million, comprising:

- (i) the Japan Purchase Consideration of approximately S\$183.5 million (JPY 17,800 million);
- (ii) the acquisition fee (“**Acquisition Fee**”) of approximately S\$1.8 million payable in Units to the Manager<sup>1</sup>; and
- (iii) other costs including stamp duty, the estimated professional and other fees and expenses<sup>2</sup> of approximately S\$1.7 million incurred or to be incurred by E-LOG in

1 As the Japan Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the acquisition fee shall be payable in Units which shall not be sold one year from the date of issuance in accordance with the Property Funds Appendix.

2 Such fees and expenses include due diligence costs and acquisition costs such as legal expenses and other professional costs.

connection with the Japan Acquisition.

### **Method of Financing**

The Manager intends to finance the Total Acquisition Outlay (save for the Acquisition Fee) with an optimal combination of internal sources of funds, external bank borrowings, and/or equity capital market issuances<sup>1</sup>. For the avoidance of doubt, the Manager has secured sufficient financing to fund the Japan Acquisition. As at 12 July 2022, the Manager has received committed debt financing term sheets of up to JPY 17,600 million (approximately S\$181.5 million) from banks for the purpose of financing the Japan Acquisition.

### **Rationale for and Key Benefits of the Japan Acquisition**

The Manager believes that the Japan Acquisition will bring the following key benefits to Unitholders:

1. Transaction is DPU accretive to Unitholders
2. ESR Sakura DC is acquired at an attractive net property income (“NPI”) yield of 4.35% and Purchase Consideration of JPY 208,372 per sqm (approximately 21.8% lower than market comparables on average)
3. E-LOG’s maiden entry into Japan’s attractive and asset scarce logistics market
  - (i) Attractive industry dynamics and entry point
  - (ii) Strong supply and demand dynamics drive positive rent growth
  - (iii) Strategically located asset with excellent connectivity
4. ESR Sakura DC is freehold and completed in 2015
5. High quality asset positioning E-LOG for growth
  - (i) Enhanced tenant diversification
  - (ii) Future-ready New Economy asset
6. The proposed Japan Acquisition enables the delivery of E-LOG’s Portfolio Reconstitution Strategy to establish E-LOG as a leading New Economy REIT

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1 At E-LOG’s annual general meeting on 29 April 2022, Unitholders’ approved a general mandate to issue up to 50% of the total number of issued Units (excluding treasury Units, if any), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed 20% of the total number of issued Units (excluding treasury Units, if any) in each class as calculated in accordance with the relevant laws and regulations. In the event that new Units are issued on (i) a non pro rata basis (i.e. a placement), Listing Rule 811 states that the issue price of such Units must not be priced at a discount of more than 10% discount to the weighted average price for trades done on the SGX for the full market day on which the placement (or if trading in the units is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed) (the “**VWAP Price**”), (ii) on a pro rata basis pursuant to a preferential offering, Listing Rule 816(2) states that the issue price of such Units must not be priced at a discount of more than 10% discount to the VWAP Price and (iii) on a pro rata basis pursuant to a rights issue, there is no limit set out in the Listing Manual on the discount to the VWAP Price.

(See paragraph 3 of the Letter to Unitholders for further details.)

**Interested Person Transaction Pursuant to the Listing Manual and Interested Party Transaction Pursuant to the Property Funds Appendix**

As the Manager is a subsidiary of the Sponsor, the Sponsor is therefore regarded as a “controlling shareholder” of the Manager under both the listing manual of the SGX-ST (“**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**Property Funds Appendix**”).

In relation to the Resolution on the Japan Acquisition, the Sponsor Vendor is an indirect subsidiary of the Sponsor, which is in turn a controlling shareholder of the Manager. Accordingly, the Japan Acquisition between the Sponsor Vendor and E-LOG will constitute an “interested person transaction” as defined under Chapter 9 of the Listing Manual and an “interested party transaction” as defined under the Property Funds Appendix.

Given that the Japan Purchase Consideration for the Japan Acquisition is approximately S\$183.5 million (which is 11.5% and 11.5% of the latest audited net tangible assets (“**NTA**”) and the net asset value (“**NAV**”) of E-LOG, respectively, as at 31 December 2021), the Japan Purchase Consideration exceeds 5.0% of the NTA and the NAV of E-LOG, respectively.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Japan Acquisition.

The Sponsor, LOGOS and their associates are prohibited from voting on the resolution to approve the Japan Acquisition.

(See paragraph 5.3 of the Letter to Unitholders for further details.)

See **Appendix E** of the Circular for diagrammatic illustrations of the relationship between interested persons and E-LOG.

## INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

<b>Event</b>	<b>Date and Time</b>
Last date and time for pre-registration for EGM and submission of Proxy Forms	: 9 October 2022 (Sunday), 10.00 a.m.
Date and time of EGM held at the physical location below and by way of electronic means	: 12 October 2022 (Wednesday), 10.00 a.m.
Physical location of EGM	: Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593

### **If approval for the Japan Acquisition is obtained at the EGM:**

Target date for completion of the Japan Acquisition : 31 October 2022 (or such other date as may be agreed between the parties)





## ESR-LOGOS REIT

(A real estate investment trust constituted in the Republic of Singapore pursuant to a trust deed dated 31 March 2006 (as amended))

### Directors of the Manager

Ms Stefanie Yuen Thio (Independent Chairperson)  
Mr Nagaraj Sivaram (Independent Non-Executive Director)  
Dr Leong Horn Kee (Independent Non-Executive Director)  
Mr Ronald Lim (Independent Non-Executive Director)  
Mr Jeffrey Perlman (Non-Executive Director)  
Mr Philip Pearce (Alternate Director to Mr Jeffrey Perlman)  
Mr Wilson Ang (Non-Executive Director)  
Mr Trent Iliffe (Non-Executive Director)  
Mr Adrian Chui (Chief Executive Officer and Executive Director)

### Registered Office

8 Changi Business Park Avenue 1  
#05-51  
ESR BizPark@Changi (South  
Tower)  
Singapore 486018

27 September 2022

To: Unitholders of ESR-LOGOS REIT

Dear Sir/Madam

## 1. SUMMARY OF APPROVAL SOUGHT

The Manager is convening the EGM to seek approval of Unitholders for the proposed Japan Acquisition, as an interested person transaction (Ordinary Resolution).

## 2. THE JAPAN ACQUISITION

### 2.1 Description of ESR Sakura DC

ESR Sakura DC comprises a five-storey logistics property in Sakura City, Chiba Prefecture in Tokyo, with a total land area of 41,658.2 sqm, an overall occupancy rate of 75.0% and a WALE of 2.9 years as at 30 June 2022. ESR Sakura DC is freehold and was completed in 2015. As such, the age of the asset is less than 10 years old.

(See **Appendix A** of this Circular for further details on ESR Sakura DC.)

The Manager is of the view that the current occupancy of 75.0% is temporary given that a tenant recently vacated ESR Sakura DC in May 2022. The occupancy rate for ESR Sakura DC has been at 100% since 2018, which is supported by the low vacancy rates in the Chiba area. To cover this temporary drop in occupancy rate, the Sponsor is providing 12 months of Rental Support in relation to the vacant space (see paragraph 2.2(ii) and 4.3 of the Letter to Unitholders for further details of the Rental Support). Discussions are on-going with regards to potential tenants. The Manager is of the view that notwithstanding the lower temporary occupancy rate of 75.0% for ESR Sakura DC compared to the Existing Portfolio occupancy rate of 94.1% and the marginally lower WALE of 2.9 years for ESR Sakura DC compared to the Existing Portfolio WALE of 3.0 years, in light of the Rental Support and the rationale of the Japan Acquisition as set out in paragraph 3 of the Letter to Unitholders, the acquisition of ESR Sakura DC is in the interests of Unitholders as a whole.

## **2.2 Sponsor Support**

In order to secure this transaction for E-LOG, which is attractive for E-LOG due to the merits of the transaction as set out in paragraph 3 of the Letter to Unitholders, the Sponsor is providing the following support to allow E-LOG to secure the transaction and to mitigate the short-term leasing risks to E-LOG. Accordingly, the Japan Acquisition is structured via two separate sale and purchase agreements (being, (1) the Fund SPA between the Sponsor Vendor (as buyer) and the Fund Vendor (as seller) which currently owns ESR Sakura DC and (2) the Japan Sale and Purchase Agreement between ESR TMK (as buyer) and the Sponsor Vendor (as seller)):

### **(i) Sponsor to backstop E-LOG's risk of forfeiting the Deposit**

it is a condition of the Fund Vendor that the purchaser of ESR Sakura DC provides the Deposit to show its commitment to the acquisition, and accordingly, the Deposit is payable upon signing of the sale and purchase agreement and such Deposit will not be refundable after 31 August 2022<sup>1</sup>. As E-LOG would not be able to convene an EGM to obtain Unitholder's approval for the Japan Acquisition prior to 31 August 2022, the Deposit would be forfeited if Unitholders do not approve proceeding with the Japan Acquisition. As such, while E-LOG is able to sign a sale and purchase agreement directly with the Fund Vendor, the Deposit which is payable upon signing of such a sale and purchase agreement will become non-refundable on 31 August 2022. The Sponsor Vendor, as a show of support to E-LOG to allow E-LOG to secure the transaction, has therefore agreed to enter into

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<sup>1</sup> For the avoidance of doubt, 31 August 2022 is **NOT** the long stop date for completion of the Japan Acquisition. The long stop date for the completion of the Japan Acquisition is 31 October 2022.

the Fund SPA to backstop E-LOG's risks of having the Deposit forfeited in the event Unitholders do not approve proceeding with the Japan Acquisition. The Japan Sale and Purchase Agreement provides for the refund of the Deposit from the Sponsor Vendor to ESR TMK (subject to the condition as set out in paragraph 4.2(i) of the Letter of Unitholder)); and

**(ii) Sponsor to provide 12 months of Rental Support to mitigate leasing risks**

the Sponsor Vendor has agreed to provide E-LOG with Rental Support which the Fund Vendor would not be providing, in relation to the vacant space comprising approximately 25% of the NLA. The Rental Support provided is for a period of 12 months from the completion date in respect of the vacant space to mitigate its leasing risks. The 12 months of Rental Support for the vacant space amounting to JPY 236.5 million (approximately S\$2.4 million) is (i) based on market rent and (ii) in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC. Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates. In addition, the Rental Support will also be used to cover any rent free period(s) provided to new tenant(s) for securing new lease(s)<sup>1</sup>. In connection with the provision of the Rental Support which the Fund Vendor is not agreeable to provide, the Sponsor Vendor entered into the Fund SPA with the Fund Vendor to acquire ESR Sakura DC (at the purchase price of JPY 17,450 million without rental support) and on-sell ESR Sakura DC to E-LOG at JPY 17,800 million with 12 months of Rental Support pursuant to the terms of the Japan Sale and Purchase Agreement. The Japan Purchase Consideration of JPY 17,800 million is below the two independent valuations conducted by CBRE and Colliers at JPY 18,000 million and JPY 18,030 million respectively, taking into account the 12 months of Rental Support and current market conditions.

Both the Japan Independent Valuers have indicated that the market rent for ESR Sakura DC is JPY3,200 per tsubo per month which forms the basis of the Rental Support Amount. It was on this basis that the Japan Independent Valuers came up with the valuation for ESR Sakura DC with Rental Support. In arriving at the Japan Purchase Consideration, the Manager took into account the independent valuations of ESR Sakura DC, the purchase price of market comparable transactions (as described in paragraph 3.2 of the Letter to Unitholders), the attractive state of the Japan logistics market and that ESR Sakura DC is strategically located (as described in paragraph 3.3 of the Letter to Unitholders), the specifications of ESR Sakura DC, being recently completed in 2015 and a freehold asset with good asset

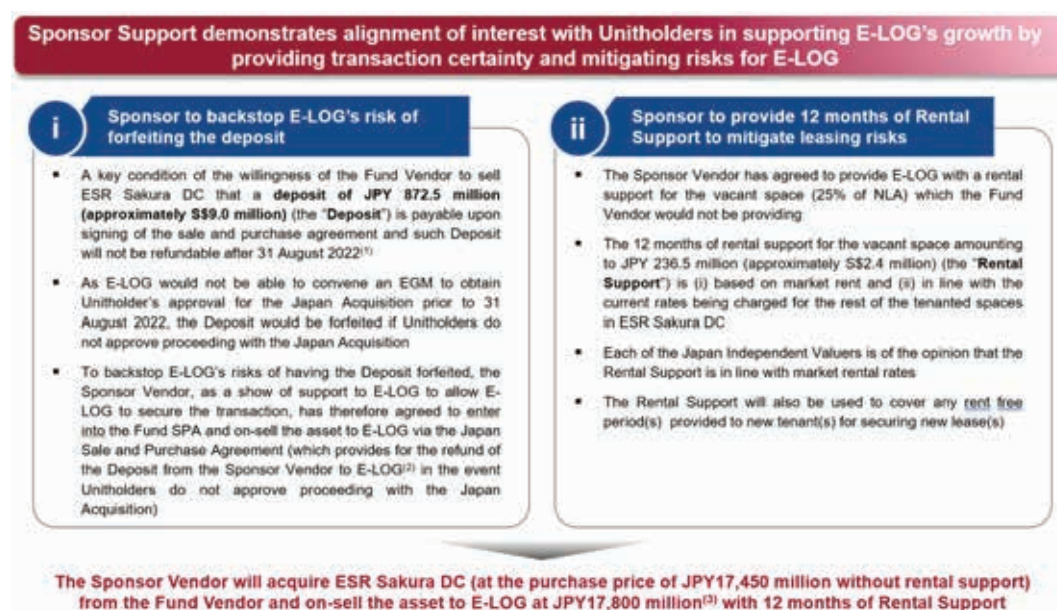
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<sup>1</sup> Depending on the term of the lease (including, but not limited to, the rental rate and duration of the lease secured), the typical rent-free period is between two to five months.

specifications (as described in paragraphs 3.4 and 3.5.2 of the Letter to Unitholders) and the other rationale as elaborated in paragraph 3 of the Letter to Unitholders. The Board of Directors of the Manager is of the view that the Rental Support period of 12 months is sufficient on the basis that (i) the leasing conditions in the market where ESR Sakura DC is located are strong; and (ii) both the Japan Independent Valuers have in their valuations (on the basis without rental support) assumed a vacancy period of between 8 to 12 months.

The Sponsor Support in relation to the Japan Acquisition further demonstrates the alignment of interests of the Sponsor with that of Unitholders in supporting E-LOG's growth by providing transaction certainty and mitigating risks for E-LOG. The Investors were initially offered the purchase price of JPY 17,800 million with the condition of providing Rental Support and waiving the non-refundable deposit date of 31 August 2022. However, there was no unanimous approval obtained from the Investors in relation to such offer, hence the Sponsor Support is required.

(See paragraph 4.1 of this Circular for further details on the structure of the Japan Acquisition and ownership of ESR Sakura DC.)



**Note:**

- (1) For the avoidance of doubt, 31 August 2022 is **NOT** the long stop date for completion of the Japan Acquisition. The long stop date for the completion of the Japan Acquisition is 31 October 2022.
- (2) Subject to the Sponsor Vendor selling 100% of the trust beneficiary interest in ESR Sakura DC.
- (3) The Japan Purchase Consideration of JPY 17,800 million is below the two independent valuations conducted by CBRE and Colliers at JPY 18,000 million and JPY 18,030 million respectively, taking into account the 12 months of Rental Support and current market conditions. The Investors were initially offered the purchase price of JPY 17,800 million with the condition of providing Rental Support and waiving the non-refundable deposit date of 31 August 2022. However, there was no unanimous approval obtained from the Investors in relation to such offer, hence the Sponsor Support is required.

## 2.3 Consideration and Valuation

### 2.3.1 Japan Purchase Consideration

The Japan Purchase Consideration for the Japan Acquisition is approximately S\$183.5 million (JPY 17,800 million).

The Japan Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of ESR Sakura DC.

### 2.3.2 Valuation of ESR Sakura DC

The Trustee has commissioned an independent valuer, CBRE, and the Manager has commissioned an independent valuer, Colliers, to value ESR Sakura DC. The valuations of ESR Sakura DC as at 30 June 2022 are set out below.

	CBRE	Colliers
With the Rental Support (as defined herein)	JPY 18,000 million (approximately S\$185.6 million)	JPY 18,030 million (approximately S\$185.9 million)
Without the Rental Support	JPY 17,800 million (approximately S\$183.5 million)	JPY 17,730 million (approximately S\$182.8 million)

(See paragraph 4.3 of the Letter to Unitholders for further details of the Rental Support.)

In arriving at the market value of ESR Sakura DC, the Japan Independent Valuers relied on the capitalisation approach, discounted cash flow analysis methods and cost approach.

(See **Appendix C** for the valuation summary reports and valuation certificates by the Japan Independent Valuers for further details.)

## 2.4 Total Acquisition Outlay

The Total Acquisition Outlay is estimated to be approximately S\$187.0 million, comprising:

- (i) the Japan Purchase Consideration of approximately S\$183.5 million (JPY 17,800 million);
- (ii) the Acquisition Fee of approximately S\$1.8 million payable in Units to the



Manager<sup>1</sup>; and

- (iii) other costs including stamp duty, the estimated professional and other fees and expenses<sup>2</sup> of approximately S\$1.7 million incurred or to be incurred by E-LOG in connection with the Japan Acquisition.

## **2.5 Method of Financing**

The Manager intends to finance the Total Acquisition Outlay (save for the Acquisition Fee) with an optimal combination of internal sources of funds, external bank borrowings and/or equity capital market issuances<sup>3</sup>.

As at 12 July 2022, the Manager has received committed debt financing term sheets of up to JPY 17,600 million (approximately S\$181.5 million) from banks for the purpose of financing the Japan Acquisition. For the avoidance of doubt, the Manager has secured sufficient financing to fund the Japan Acquisition.

## **3. RATIONALE FOR AND BENEFITS OF THE JAPAN ACQUISITION**

The Manager believes that the Japan Acquisition will bring the following key benefits to Unitholders:

### **3.1 Transaction is DPU accretive to Unitholders**

The Japan Acquisition is expected to be distribution per Unit (“DPU”) accretive to Unitholders on a pro forma basis assuming the Japan Acquisition was completed on 1 January 2021.

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1 As the Japan Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the acquisition fee shall be payable in Units which shall not be sold one year from the date of issuance in accordance with the Property Funds Appendix.

2 Such fees and expenses including due diligence costs and acquisition costs such as legal expenses and other professional costs.

3 At E-LOG’s annual general meeting on 29 April 2022, Unitholders’ approved a general mandate to issue up to 50% of the total number of issued Units (excluding treasury Units, if any), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed 20% of the total number of issued Units (excluding treasury Units, if any) in each class as calculated in accordance with the relevant laws and regulations. In the event that new Units are issued on (i) a non pro rata basis (i.e. a placement), Listing Rule 811 states that the issue price of such Units must not be priced at a discount of more than 10% discount to the VWAP Price, (ii) on a pro rata basis pursuant to a preferential offering, Listing Rule 816(2) states that the issue price of such Units must not be priced at a discount of more than 10% discount to the VWAP Price and (iii) on a pro rata basis pursuant to a rights issue, there is no limit set out in the Listing Manual on the discount to the VWAP Price.

Transaction expected to be DPU accretive to Unitholders, with funding already secured

Scenario A: DPU (100% Debt Funded)

(Singapore Cents)

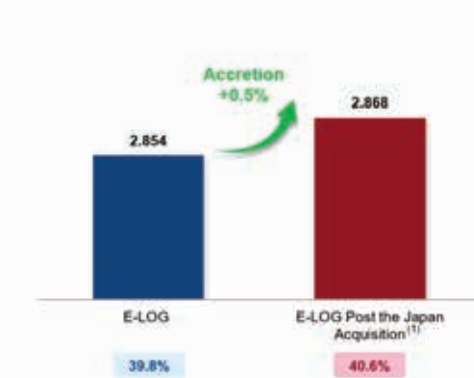
FOR ILLUSTRATIVE PURPOSES ONLY NOT A FORWARD-LOOKING PROJECTION



Scenario B: DPU (60% Debt / 40% Equity Funded)

(Singapore Cents)

FOR ILLUSTRATIVE PURPOSES ONLY NOT A FORWARD-LOOKING PROJECTION



Note:

(1) The pro forma financial effects of the Japan Acquisition on the amount available for distribution to Unitholders, the number of Units and E-LOG's DPU, and the accretion thereof, for FY2021, assuming that the Japan Acquisition had been completed on 1 January 2021 and that E-LOG had held and operated the property through to 31 December 2021, and assuming that, among other bases and assumptions stated below, the Merger, E-LOG PERP Issuance and Divestments were completed on 1 January 2021.

The strategic acquisition of ESR Sakura DC is in line with E-LOG's long-term portfolio reconstitution strategy, to establish E-LOG as a leading APAC New Economy REIT. The proposed Japan Acquisition provides E-LOG with its maiden entry into Japan's attractive logistics market and further strengthens E-LOG's portfolio metrics.

Extended footprint into one of the largest logistics markets in APAC



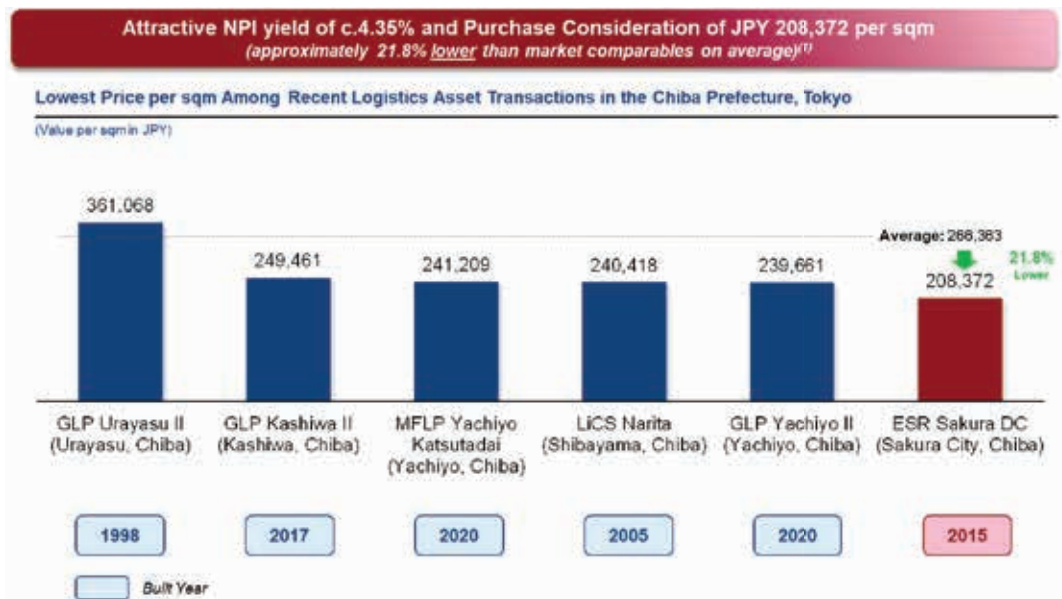
**Notes:** Unless otherwise stated, all references to portfolio metrics in this Circular are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022.

(1) Excludes properties held by the three property funds in Australia of which E-LOG is an investor. (the “Fund Properties”)

### 3.2 ESR Sakura DC is acquired at an attractive NPI yield of 4.35% and Purchase Consideration of JPY 208,372 per sqm (approximately 21.8% lower than market comparables on average)

Property	Timing	Price (JPY million)	GFA (sqm)	Value psm (JPY)	ESR Sakura DC Value psm as compared to market	Built Year
<b>ESR Sakura, Chiba (ESR Sakura DC)</b>		<b>17,800</b>	<b>85,424</b>	<b>208,372</b>		<b>2015</b>
MFLP Yachiyo Katsutadai, Chiba	Jan-22	18,000	74,624	241,209	(13.6%)	2020
LiCS Narita, Chiba	Oct-21	5,250	21,837	240,418	(13.3%)	2005
GLP Urayasu II, Chiba	Nov-20	16,885	46,764	361,068	(42.3%)	1998
GLP Kashiwa II, Chiba	Nov-20	8,106	32,494	249,461	(16.5%)	2017
GLP Yachiyo II, Chiba	Nov-20	13,039	54,406	239,661	(13.1%)	2020
<b>Average</b>		<b>12,256</b>	<b>46,025</b>	<b>266,364</b>	<b>(21.8%)</b>	

Source: Selected transactions from the CBRE valuation report dated 1 August 2022.



**Note:**

(1) Based on selected transactions from the CBRE valuation report dated 1 August 2022.

According to a valuation report by the Trustee’s Independent Valuer, CBRE, the table above provides the market sales comparable of recent logistics asset sales in the same vicinity which indicates that ESR Sakura DC is being acquired at an attractive price (approximately 21.8% lower than market comparables on average) based on value per sqm (“psm”).

**3.3 E-LOG’s maiden entry into Japan’s attractive and asset scarce logistics market**

**3.3.1 Attractive industry dynamics and entry point**

Japan represents a sizeable and scalable growth market for logistic assets, with attractive yield spreads against government bonds. The yield spreads for Japanese real estate are driven by the Bank of Japan’s adoption of a negative interest rate policy. Long term government bond yields are expected to remain low as the Bank of Japan will maintain its current monetary policy despite inflationary pressures. Compared to Singapore, Beijing and Shanghai, where logistics assets are situated on short land leases, Japan logistics assets are largely situated on freehold land.

### Attractive Yield Spreads<sup>(1)</sup> for Japan Logistic Investments Driven by the Bank of Japan's Adoption of a Negative Interest Rate Policy



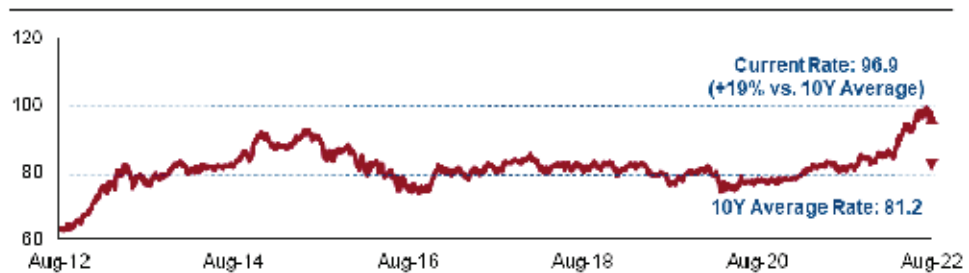
**Source:** Monetary Authority of Singapore, Macrobond, ARES, Knight Frank Asia-Pacific, Knight Frank Consultancy.

**Notes:**

- (1) Refers to the cap rate spread over risk-free rate. The 10-year government bond yield is taken as a proxy of the risk-free rates. All government bond yields are based on the respective country of origination. “Cap rate” means Capitalisation Rate which refers to the expected rate of return on a real estate investment property.
- (2) Refers to the “23 Special Wards of Tokyo”.

The Japanese Yen has depreciated against the Singapore Dollar, with the current exchange rate at JPY/SGD of 96.9 being 19% higher compared to the 10Y average of 81.2.

**JPYSGD Chart (JPY per S\$)**

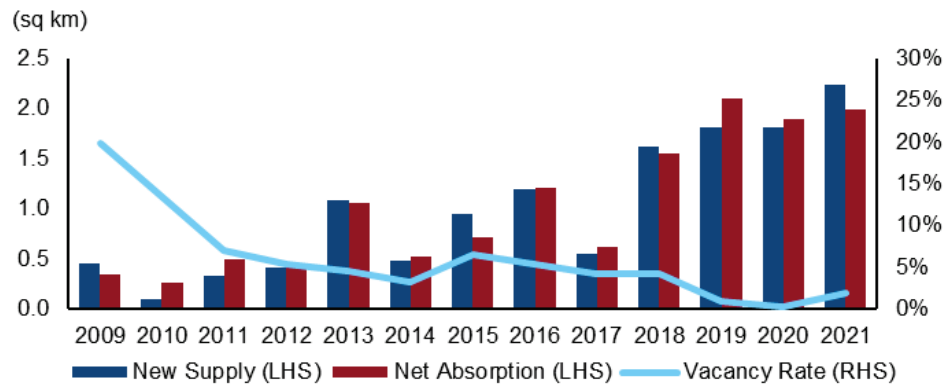


Source: FactSet as of 11 August 2022

### 3.3.2 Strong supply and demand dynamics expected to drive positive rent growth

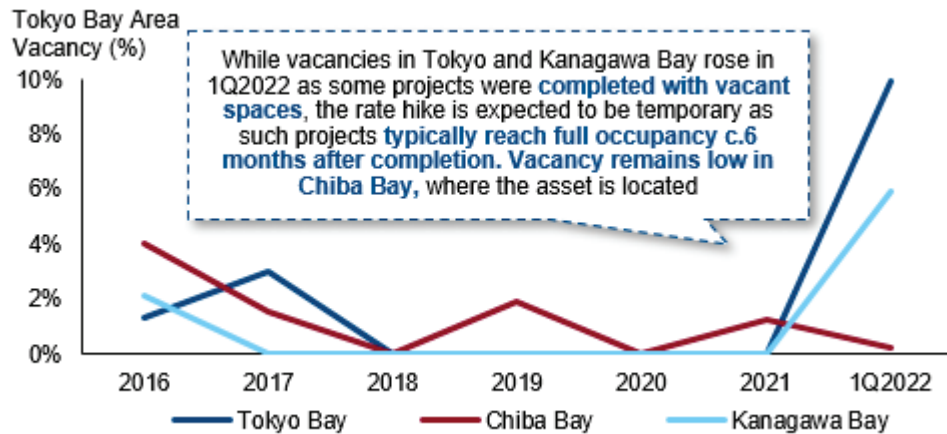
**High Demand for Modern Logistics Warehouse:** Tenants are increasingly attracted to modern logistics facilities due to better specifications. According to the Independent Market Research Consultant, the proportion of modern logistics facilities within the total stock in Japan accounts for only 13% of the total logistics supply, leaving potential for expansion and growth in the future.

**High Net Absorption:** According to the Independent Market Research Consultant, net absorption rates for logistics and warehouse space in Greater Tokyo have been higher than supply completions since 2017 which has resulted in low vacancy rates. Despite more supply coming onstream, vacancy rate is expected to remain low especially in the Chiba area where ESR Sakura DC is situated.



Source: Jones Lang LaSalle K.K., the Independent Market Research Consultant

**Low Vacancy Rates Across the Industry:** Underpinned by the strong demand for logistics assets (in particular by e-commerce), the vacancy rates hit 0% at the end of 2020 in most submarkets in Japan, except for 2 submarkets which recorded a very low vacancy of 0.4%.



Source: Jones Lang LaSalle K.K., the Independent Market Research Consultant

**Rising Rental Rates:** According to the Independent Market Research Consultant, gross rents continue to rise in Greater Tokyo. Logistic rents tend to be stable due to its longer lease term compared to other asset types such as office properties. A tighter market environment coupled with extremely low vacancies have also contributed to the increase of rents. Consequently, the asking rents of newly developed properties tend to be higher, compared



to the market rents of the existing properties in the surrounding areas, resulting in an overall increase in rental rates in recent years.



**Source:** Jones Lang LaSalle K.K., the Independent Market Research Consultant

**Notes:**

(1) Based on figures for 1Q2022.

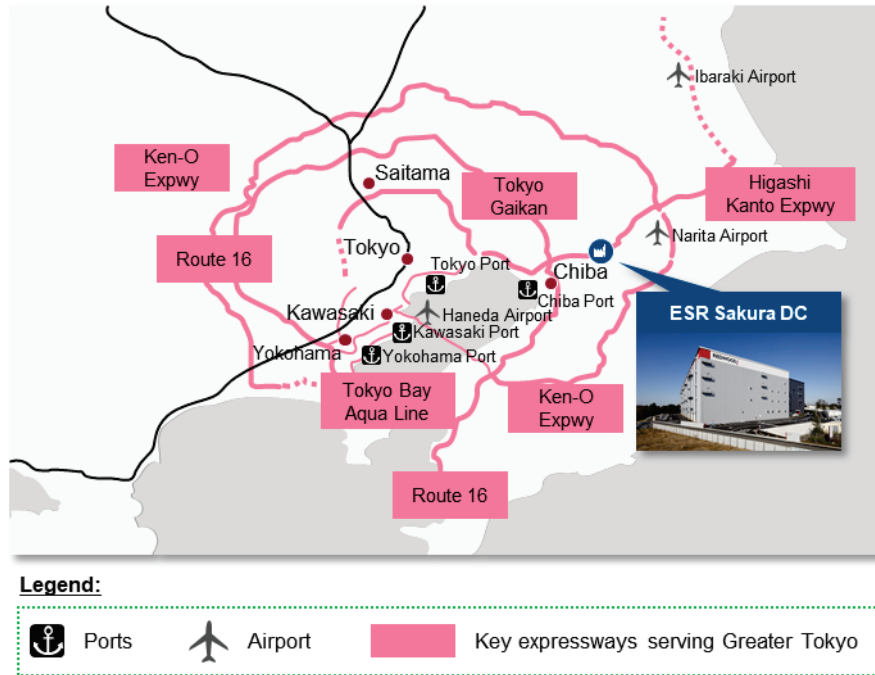
### 3.3.3 Strategically located asset with excellent connectivity

ESR Sakura DC is located in Sakura City, within the Northern part of Chiba Prefecture in Tokyo, and is strategically situated between the Narita Airport and Chiba Port, and is part of the Narita/Sakura logistics submarket in Tokyo.

The Chiba logistics market lies around 40km east of the Tokyo Central Business District, which includes:

- Narita International Airport: Japan’s largest air freight transportation centre and has been the primary demand driver for large-scale logistic facilities; and
- Chiba Port: Japan’s largest seaport and second busiest container port.

It is also located 1.9km away from the Higashi Kanto Expressway, which connects central Tokyo and the east / north-east of the Greater Tokyo region. Given the proximity to key air, sea, and land transport routes, ESR Sakura DC will be a prime beneficiary of the growth in the Chiba Prefecture.



Furthermore, it is also situated within an Exclusive Industrial District where only 14% of the 327 ha of land is designated for industrial use within the Urban Designated Area.<sup>1</sup> Substantial industrial-zoned land has been fully built out, limiting new supply of competing assets.

### 3.4 ESR Sakura DC is freehold and completed in 2015

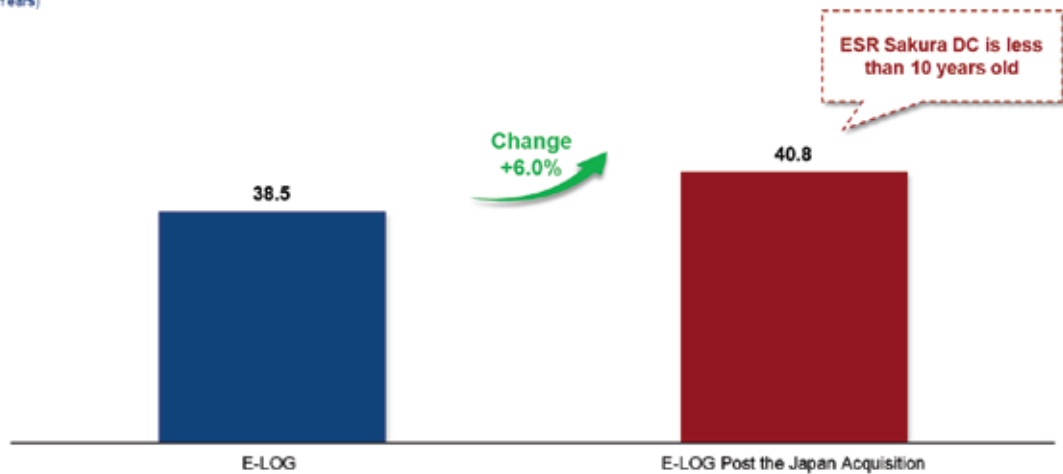
Completed in 2015, ESR Sakura DC is less than 10 years old and the addition of this freehold asset will further enhance E-LOG’s strategy to gain exposure in the matured and established Japan market.

E-LOG’s portfolio land lease expiry will increase from 38.5 years to 40.8 years post-acquisition of ESR Sakura DC. E-LOG will gain more exposure to freehold assets which do not suffer from valuation decay as a result of a declining land lease.

<sup>1</sup> According to Ministry of Land, Infrastructure and Transport of Japan’s urban land use planning.

### Extended Land Lease Expiry Profile<sup>(1)(2)</sup>

(Years)



**Notes:** Unless otherwise stated, all references to portfolio metrics in this Circular are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022.

(1) Excludes investments in the Fund Properties. Weighted on valuation as at 30 June 2022.

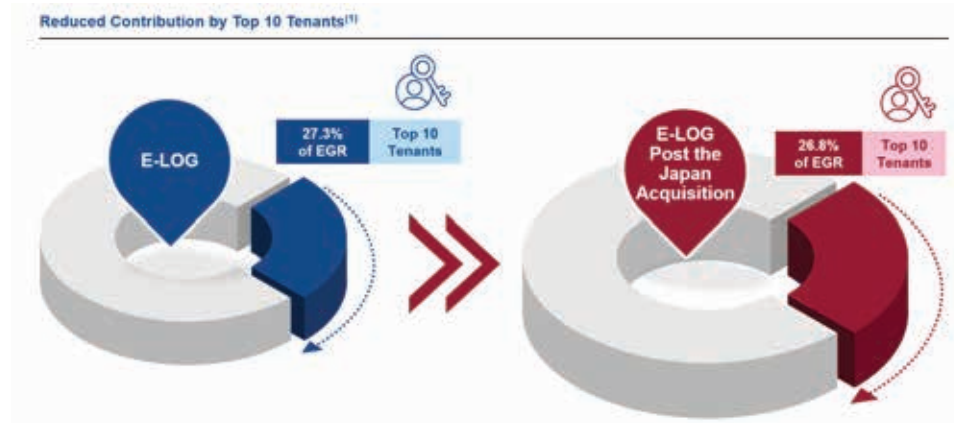
(2) Assumes freehold land has an equivalent land lease tenure of 99 years.

## 3.5 High quality asset positioning E-LOG for growth

### 3.5.1 Enhanced tenant diversification

**Tenant Diversification:** ESR Sakura DC has attracted a high-quality tenant base which include Universal Entertainment Corporation (a listed manufacturer in the manufacturing of amusement equipment (slot machines and peripheral devices) and an operator of an integrated resort business (Okada resort in Manila Bay), with FY2021 revenue of JPY 90.4 billion (approximately S\$932 million))<sup>1</sup>. Post-acquisition of ESR Sakura DC, the total contribution of top 10 tenants will be reduced from 27.3% to 26.8%, further enhancing E-LOG's tenant diversification and increasing E-LOG's portfolio resilience.

<sup>1</sup> Source: <https://www.universal-777.com/en/ir/finance/factsheet/>

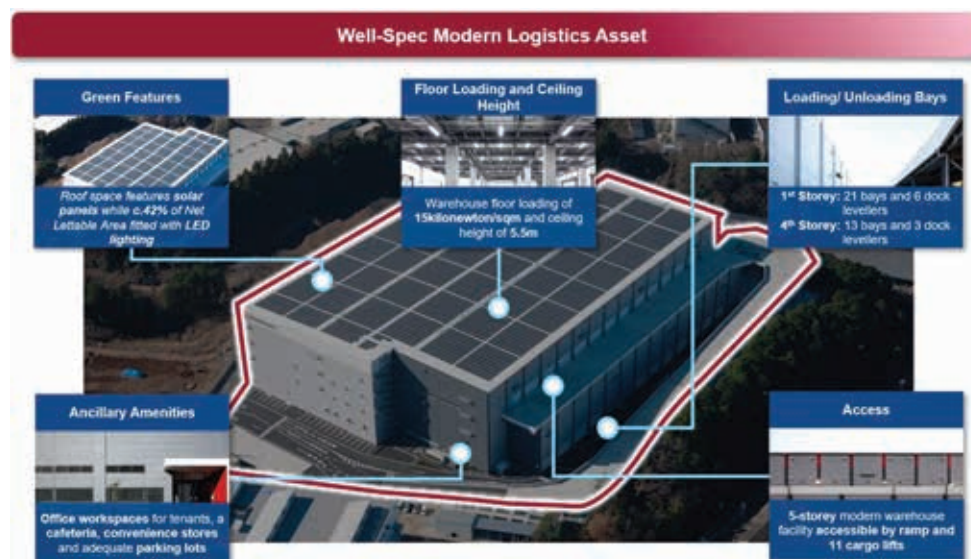


**Notes:** Unless otherwise stated, all references to portfolio metrics in this Circular are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022.

(1) Excludes contribution from the Fund Properties. Effective Gross Rents (EGR) based on month of June 2022.

### 3.5.2 Future-ready New Economy asset

**Asset Specifications:** Completed in November 2015, ESR Sakura DC is a 5-storey modern warehouse facility sited on approximately 41,658 sqm of freehold land with a net lettable area (“**NLA**”) of 81,507 sqm. The facility is accessible via a ramp to the 4th floor and has 11 cargo lifts serving the remaining levels. ESR Sakura DC has a high warehouse floor loading of 15 kilonewtons / sqm and a clear ceiling height of 5.5m, allowing optimal space utilisation and high load capabilities. The 1st level has 21 bays and 6 dock levellers and the 4th level has 13 bays and 3 dock levellers, designed to be highly versatile to support flexible leasing solutions. ESR Sakura DC also comes with ancillary amenities such as office workspace for tenants, a cafeteria, convenience stores and adequate parking space for workers.



**Notes:** Asset details are as of 30 June 2022.

**Green Ratings and Features:** The roof space of ESR Sakura DC features solar panels and the units are progressively being replaced with LED lightings. Currently, c.42% of the NLA of ESR Sakura DC has already been replaced with eco-friendly LED lighting.

### **3.6 The proposed Japan Acquisition enables the delivery of E-LOG's Portfolio Reconstitution Strategy to establish E-LOG as a leading New Economy REIT**

The Japan Acquisition is in line with the execution of E-LOG's portfolio reconstitution and acquisition strategy for quality, scalable and future-ready assets to create a leading New Economy REIT. It also demonstrates E-LOG's ability to access the Sponsor's pipeline of freehold and quality logistics assets and validates the Sponsor's strong commitment to grow E-LOG. In particular, the Sponsor Support provides certainty for the transaction and mitigates the short-term leasing risk for E-LOG.

The Sponsor has a strong track record for its Japan logistics real estate business and E-LOG can leverage on ESR Japan's on-the-ground local team and real estate operational capability to reduce operational risks thus allowing E-LOG to further establish a broader APAC presence.

In May 2022, E-LOG announced the divestment of 3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia to the Australasian Conference Association Limited for a sale consideration of S\$53.4 million<sup>1</sup> (A\$55.0 million). The sale consideration represents a 18.5% premium to the fair value of 3 Sanitarium Drive of S\$45.1 million<sup>1</sup> (A\$46.4 million<sup>2</sup>) and is 61.8% above its purchase price of S\$33.0 million<sup>1</sup> (A\$34.0 million)<sup>3</sup>. In July 2022, E-LOG announced the divestment of 49 Pandan Road to ST Logistics Pte Ltd. for a sale consideration of S\$43.5 million (excluding divestment costs and applicable goods and services tax). The sale consideration represents a 15.1% premium to the valuation of 49 Pandan Road<sup>4</sup>. Divestments of both properties at a premium to fair value is illustrative of E-LOG's portfolio recalibration strategy to unlock value from non-core properties.

The divestments and the proposed Japan Acquisition will further strengthen E-LOG's strategic focus in New Economy assets across APAC, thereby increasing New Economy exposure to 63.4%.

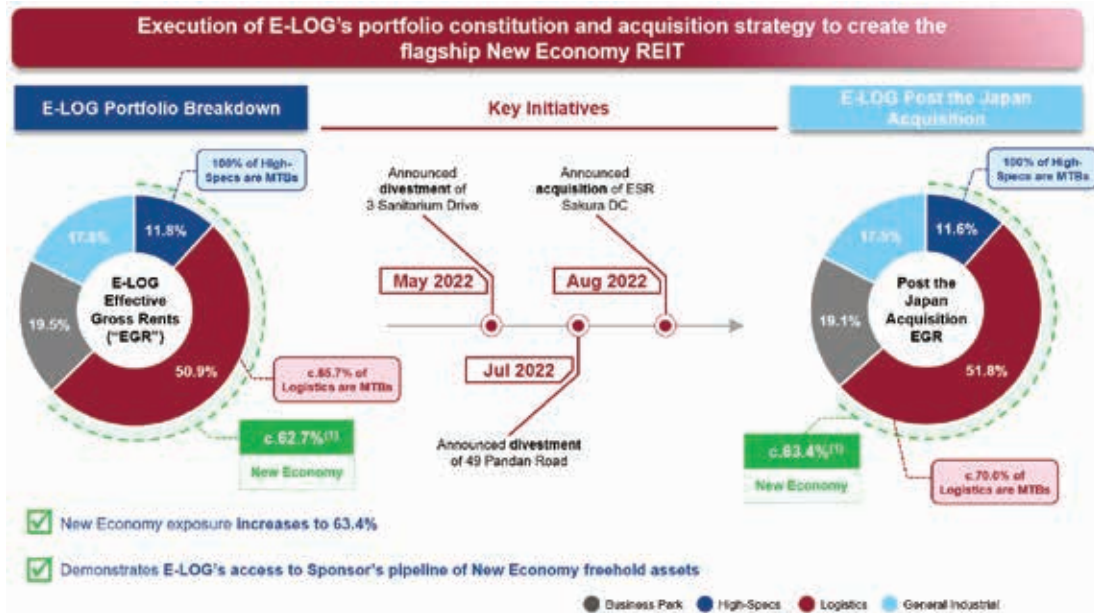
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1 Using an illustrative exchange rate of A\$1.000 : S\$0.9713.

2 Based on the independent valuation conducted by Colliers International Valuation & Advisory Services (NSW) Pty Limited as at 19 May 2022, in relation to the divestment of 3 Sanitarium Drive.

3 Excluding acquisition-related costs.

4 Based on the independent valuation conducted by Savills Valuation and Professional Services (S) Pte Ltd as at 30 June 2022, in relation to the divestment of 49 Pandan Road.



**Notes:** Unless otherwise stated, all references to portfolio metrics in this Circular are as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022 and 49 Pandan Road which is expected to be completed in 4Q2022.

(1) Based on Effective Gross Rents for the month of June 2022. Excludes contribution from the Fund Properties.

## 4. THE PROPOSED JAPAN ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

### 4.1 Structure of the Japan Acquisition

On 29 August 2022, ESR TMK, a Japan TMK, which is indirectly wholly-owned by E-LOG, entered into the Japan Sale and Purchase Agreement with the Sponsor Vendor to acquire 100% of the trust beneficiary interest in ESR Sakura DC for a purchase consideration of approximately S\$183.5 million (JPY 17,800 million) including Rental Support.

(See paragraph 4.3 below for further details of the Rental Support.)

The Sponsor Vendor had also on 29 August 2022 entered into the Fund SPA with the Fund Vendor, which currently holds 100% of the trust beneficiary interest in ESR Sakura DC to acquire such interest from the Fund Vendor for a purchase consideration of approximately S\$179.9 million (JPY 17,450 million) without rental support. Thereafter, subject to Unitholders approving the Japan Acquisition, the Sponsor Vendor will sell 100% of the trust beneficiary interest<sup>1</sup> in ESR Sakura DC to ESR TMK pursuant to the terms of the Japan Sale and Purchase Agreement. (See paragraph 2.2 for further details regarding how the the Sponsor is providing support to E-LOG and the reason why the Japan Acquisition is structured via two

<sup>1</sup> Real estate may be held in the form of a trust beneficiary interest by entrusting the real estate to a trust. Trust Beneficiary Interest is issued by a trust bank licensed in Japan. This is a common ownership structure for foreign asset ownership in Japan to optimise certain transaction taxes, such as real estate acquisition or registration tax.



separate sale and purchase agreements.)

The trustee of ESR Sakura DC is Mitsubishi UFJ Trust and Banking Corporation (“**ESR Sakura Trustee**”) pursuant to the Trust Property Management and Disposition Trust Agreement (*fudousan kanri shobun shintaku keiyakusho*) dated 14 November 2018 entered into by the Fund Vendor and the ESR Sakura Trustee as may be amended.

The Fund Vendor is indirectly held by a fund, and the investors in the fund are third party investors (effective stake of 85.7%) and the Sponsor, which holds a minority stake of 14.3% in ESR Sakura DC.

The Investors were initially offered the purchase price of JPY 17,800 million with the condition of providing Rental Support and waiving the non-refundable deposit date of 31 August 2022. However, there was no unanimous approval obtained from the Investors in relation to such offer, hence the Sponsor Support is required.

(See paragraph 5 below for further information on the requirement of Unitholders’ approval for the Japan Acquisition.)

The Manager understands that the Fund Vendor is selling ESR Sakura DC due to the Investors’ capital recycling policy.

#### **4.2 Principal Terms of the Japan Sale and Purchase Agreement**

The principal terms of the Japan Sale and Purchase Agreement include, among others, the following:

- (i) a deposit of approximately S\$9.0 million is paid to the Sponsor Vendor (which is refundable in the event that the Japan Acquisition is not completed provided that the Sponsor Vendor is able to sell 100% of the trust beneficiary interest in ESR Sakura DC to any person other than ESR TMK (whether the purchaser is a related party or third party)<sup>1</sup>; and
- (ii) the Japan Sale and Purchase Agreement is subject to conditions precedent including but not limited to:
  - (a) all of the conditions precedent and the obligations in the Fund SPA having been fulfilled by both the Sponsor Vendor and the Fund Vendor; and
  - (b) E-LOG having obtained the approval of the Unitholders for the Japan Acquisition.

On the completion date of the Japan Acquisition, E-LOG (through ESR TMK) will

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<sup>1</sup> The deposit of S\$9.0 million is payable to the Sponsor Vendor in the event that the Japan Acquisition is not completed. In the event that the Japan Acquisition is not completed, the deposit will **only** be refunded at the time when the Sponsor Vendor is able to sell 100% of the trust beneficiary interest in ESR Sakura DC to any person other than ESR TMK (whether the purchaser is a related party or third party).

pay to the Sponsor Vendor the full amount of the Japan Purchase Consideration, and the Sponsor Vendor will refund the Deposit to E-LOG.

### 4.3 Rental Support for ESR Sakura DC

Rental Support reduces potential leasing risks of the current vacant areas and provides income stability									
<p><b>Details of the Rental Support Structure</b></p> <table border="1"> <tr> <td><b>Total Rental Support Amount</b></td> <td> <ul style="list-style-type: none"> <li>JPY 236.5 million (approximately S\$2.4 million)</li> </ul> </td> </tr> <tr> <td><b>Rental Support Period</b></td> <td> <ul style="list-style-type: none"> <li>12 months commencing after the Date of Completion</li> </ul> </td> </tr> <tr> <td><b>Rental Support Amount</b></td> <td> <ul style="list-style-type: none"> <li>JPY3,200 per tsubo per month</li> </ul> </td> </tr> <tr> <td><b>Safeguards</b></td> <td> <ul style="list-style-type: none"> <li>E-LOG will retain the Total Rental Support Amount from the purchase consideration</li> <li>Any amount not utilized will be released to the Sponsor Vendor after the Rental Support period</li> </ul> </td> </tr> </table>		<b>Total Rental Support Amount</b>	<ul style="list-style-type: none"> <li>JPY 236.5 million (approximately S\$2.4 million)</li> </ul>	<b>Rental Support Period</b>	<ul style="list-style-type: none"> <li>12 months commencing after the Date of Completion</li> </ul>	<b>Rental Support Amount</b>	<ul style="list-style-type: none"> <li>JPY3,200 per tsubo per month</li> </ul>	<b>Safeguards</b>	<ul style="list-style-type: none"> <li>E-LOG will retain the Total Rental Support Amount from the purchase consideration</li> <li>Any amount not utilized will be released to the Sponsor Vendor after the Rental Support period</li> </ul>
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<p><b>Rationale</b></p> <ul style="list-style-type: none"> <li>Provide <b>rental support</b> to E-LOG for a period of <b>12 months</b> from the completion date in respect of the vacant space to <b>mitigate leasing risks</b> as time is required to secure and negotiate lease for the vacant space</li> <li>The 12 months of rental support for the vacant space (c.25% of NLA) is (i) <b>based on market rent</b> and (ii) <b>is in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC</b></li> <li>Rental support will also be used to <b>cover any rent free period(s)</b> provided to new tenant(s) for securing new lease(s)</li> <li>Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates</li> <li><b>Provides income stability for Unitholders and mitigates potential leasing risks</b></li> </ul>									

#### 4.3.1 Terms of the Rental Support

Pursuant to the Japan Sale and Purchase Agreement, in respect of ESR Sakura DC, the Sponsor Vendor shall provide Rental Support to cover the rental for the remaining vacancy, which comprises approximately 25% of the NLA in ESR Sakura DC, at completion of the Japan Acquisition to reduce potential leasing risks and provide income stability. In addition, the Rental Support will also be used to cover any rent free period(s) provided to new tenant(s) for securing new lease(s)<sup>1</sup>.

The Rental Support is for the period of 12 months commencing after the date of completion of the Japan Acquisition (“**Rental Support Period**”) at a rate of JPY 3,200 per tsubo per month (the “**Rental Support Amount**”) calculated based on the vacant areas of the property during the Rental Support Period. The Rental Support is (i) based on market rent and (ii) in line with the current rates being charged for the rest of the tenanted spaces in ESR Sakura DC. The total rental support amount amounts to approximately S\$2.4 million (JPY 236.5 million) (the “**Total Rental Support Amount**”). To the extent that new tenants are secured in relation to the vacant space, the amount of rental support paid will be reduced correspondingly, and accordingly, the Total Rental Support Amount payable would also be reduced, and any such amounts not utilised will be returned

<sup>1</sup> Depending on the term of the lease (including, but not limited to, the rental rate and duration of the lease secured), the typical rent-free period is between two to five months.

to the Sponsor Vendor.

#### 4.3.2 **Safeguards**

As a safeguard against the Sponsor Vendor's ability to pay the Rental Support, E-LOG will retain the Total Rental Support Amount from the purchase consideration. Any amount not utilised will be released to the Sponsor Vendor after the Rental Support period.

#### 4.3.3 **Japan Independent Valuers' Opinion**

Each of the Japan Independent Valuers is of the opinion that the Rental Support is in line with market rental rates.

#### 4.3.4 **Independent Directors' Opinion**

The independent Directors (the "**Independent Directors**") are of the view that the Rental Support is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders as the Rental Support is supported by the Japan Independent Valuers to be in line with market rental rate.

### 4.4 **Property Manager and Asset Manager in respect of ESR Sakura DC**

Upon completion of the Japan Acquisition, ESR Ltd. ("**ESR Japan**"), which is a wholly-owned subsidiary of the Sponsor, will provide property management services (including lease management) and asset management services in relation to ESR Sakura DC pursuant to a property management agreement to be entered into with ESR Japan and an asset management agreement to be entered into with ESR Japan.

As ESR Japan is a wholly-owned subsidiary of ESR (being a "controlling shareholder" of the Manager), ESR Japan (being a wholly-owned subsidiary of a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" of E-LOG. Accordingly, the entry into the property management agreement and the asset management agreement with ESR Japan will constitute an interested person transaction under the Listing Manual. For the avoidance of doubt, the approval of the Unitholders is not being sought in respect of the property management agreement and the asset management agreement in relation to ESR Sakura DC, as the value of the property management agreement and the asset management agreement is less than 3.0% of the latest audited NAV and NTA of E-LOG. Therefore, the entry into the property management agreement and the asset management agreement would not be approved when Unitholders approve the Resolution, and such value of the property management agreement and the asset management agreement would be aggregated with all other interested person transactions for the current financial year. The value of the interested person transactions that have been entered into by E-LOG as at year-to-date, when aggregated with the value of the property management and asset

management agreements that will be entered into in relation to the Japan Acquisition, will not exceed 3.0% of the latest audited NTA of E-LOG.

## 5. REQUIREMENT FOR UNITHOLDERS' APPROVAL

### 5.1 Discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by E-LOG. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by E-LOG may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with E-LOG's NAV;
- (ii) the net profits attributable to the assets acquired, compared with E-LOG's net profits;
- (iii) the aggregate value of the consideration given, compared with E-LOG's market capitalisation; and
- (iv) the number of Units issued by E-LOG as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction.

### 5.2 Relative Figures Computed on the Bases set out in Rule 1006

The relative figures for the Japan Acquisition using the applicable bases of comparison described in Rules 1006(b) and (c) are set out in the table below.

Comparison of:	The Japan Acquisition (S\$ million)	E-LOG (S\$ million)	Relative figure (%)
<b>Rule 1006(b)</b> Net property income <sup>(1)</sup>	8.1 <sup>(2)</sup>	277.5 <sup>(3)</sup>	2.9
<b>Rule 1006(c)</b> Aggregate consideration <sup>(4)</sup>	183.5	2,756.3 <sup>(5)</sup>	6.7

<b>against market capitalisation</b>			
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**Notes:**

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) Includes approximately S\$2.4 million of Rental Support.
- (3) Based on the FY2021 pro forma net property income of E-LOG assuming the Merger, E-LOG PERP Issuance and Divestments were completed on 1 January 2021.
- (4) For the purposes of computation under Rule 1006(c), the aggregate consideration given by E-LOG is the aggregate purchase consideration for ESR Sakura DC.
- (5) This figure is based on the weighted average price of S\$0.4123 per Unit on the SGX-ST as at 26 August 2022, being the market day immediately prior to the date the Japan Sale and Purchase Agreement was entered into.

As shown in the table above, the Japan Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Listing Manual (read with Rule 1006(c) of the Listing Manual). Rule 1006(d) of the Listing Manual is not applicable as E-LOG will not be issuing any Units as consideration for the Japan Acquisition.

**5.3 Interested Person Transaction Pursuant to the Listing Manual and Interested Party Transaction Pursuant to the Property Funds Appendix**

Under Chapter 9 of the Listing Manual, where E-LOG proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of E-LOG’s latest audited NTA, Unitholders’ approval is required in respect of the transaction. Based on the latest audited financial statements of E-LOG for the financial year ended 31 December 2021 (the “**FY2021 Audited Financial Statements**”), the NTA of E-LOG was S\$1,598.0 million as at 31 December 2021. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by E-LOG with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$79.9 million, such a transaction would be subject to Unitholders’ approval under Rule 906(1) of the Listing Manual.

Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Unitholders’ approval for an interested party transaction by E-LOG whose value is equal to or exceeds 5.0% of E-LOG’s latest audited NAV. Based on the FY2021 Audited Financial Statements, the NAV of E-LOG as at 31 December 2021 was S\$1,598.0 million. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by E-LOG with an interested party is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested party during the

current financial year, equal to or in excess of S\$79.9 million, such a transaction would be subject to Unitholders' approval pursuant to paragraph 5.2(b) of the Property Funds Appendix.

The Japan Purchase Consideration is approximately S\$183.5 million (which is approximately 11.5% of the latest audited NTA and NAV of E-LOG respectively as at 31 December 2021). The Japan Purchase Consideration will exceed 5.0% of the latest audited NTA and NAV of E-LOG respectively. Therefore, the approval of Unitholders would be required in relation to the Japan Acquisition pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, respectively.

As the Manager is a subsidiary of the Sponsor, the Sponsor is regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix. As such, the Sponsor is considered (under Chapter 9 of the Listing Manual) an "interested person" and (under the Property Funds Appendix) an "interested party".

In relation to the proposed Japan Acquisition, the Sponsor Vendor is an indirect subsidiary of the Sponsor, which is in turn a controlling shareholder of the Manager. Accordingly, the Japan Acquisition between the Sponsor Vendor and E-LOG will constitute an "interested person transaction" as defined under Chapter 9 of the Listing Manual and an "interested party transaction" as defined under the Property Funds Appendix.

(See paragraph 9 below for the abstentions from voting in respect of the Japan Acquisition.)

#### **5.4 Existing Interested Person Transaction**

For the information of the Unitholders, as at the Latest Practicable Date (as defined herein), E-LOG had entered into interested person transactions with the Sponsor group and its associates during the current financial year, amounting to approximately S\$23.9 million which is equivalent to approximately 1.5% of the latest audited NTA of E-LOG<sup>1</sup> as at 31 December 2021. Save as described above, there were no other interested person transactions entered into with any other interested person of E-LOG during the current financial year.

The approval of Unitholders is not being sought for these interested person transactions as none of the individual values nor the aggregate value of the transactions entered into in the current financial year ending 31 December 2022 (excluding the Japan Acquisition in respect of which Unitholders' approval is being

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<sup>1</sup> For the avoidance of doubt, this does not include the Scheme Consideration raised from the Merger (as defined herein) which was approximately S\$1,409.3 million, which has already been separately approved by the Unitholders. In addition, as the value of the interested person transactions includes the entry into of property management agreements whose value is determine based on the estimated value of all property management fees paid with a buffer, the actual amount of the interested person transaction may be less than the amount set out below.



sought) were more than or equal to 5% of the group's NTA. For the avoidance of doubt, these interested person transactions which are not being approved by Unitholders will continue to be the subject of aggregation for purposes of Chapter 9 of the Listing Manual.

## 6. DETAILS AND FINANCIAL INFORMATION OF THE JAPAN ACQUISITION

### 6.1 Pro Forma Financial Effects of the Japan Acquisition

The pro forma financial effects of the Japan Acquisition on the DPU, NAV and NTA per Unit and Aggregate Leverage presented below are strictly for illustrative purposes only and were prepared based on the following two illustrative scenarios, where the Japan Acquisition was (i) 100% funded by external debt ("**Scenario A**") and (ii) 60% funded by external debt and 40% funded by equity ("**Scenario B**"). Please refer to **Appendix B** for the Bases and Assumptions underlying the pro forma financial effects of the Japan Acquisition.

#### 6.1.1 Pro Forma DPU

##### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Japan Acquisition on the amount available for distribution to E-LOG Unitholders, the number of Units and E-LOG's DPU, and the accretion thereof, for FY2021, assuming that the Japan Acquisition had been completed on 1 January 2021 and E-LOG held and operated the property through to 31 December 2021, and assuming that, among other bases and assumptions stated below, the Merger, E-LOG PERP Issuance and Divestments were completed on 1 January 2021, are as follows:

	Actual FY2021	After the Merger, E- LOG PERP Issuance and Divestments	After the Merger, E-LOG PERP Issuance, Divestments and the Japan Acquisition	
			Scenario A	Scenario B
Amount available for distribution (S\$'000)	114,393	181,320	186,673	187,570
Applicable Number of Units ('000)	3,829,695	6,354,288	6,359,751	6,541,077
DPU (cents)	2.987	2.854	2.935	2.868
Accretion (%)	-	-	2.9	0.5

### 6.1.2 Pro Forma NAV

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Japan Acquisition on the NAV and NTA the number of Units and NAV and NTA per Unit, and the accretion thereof, as at 31 December 2021, assuming that the Japan Acquisition had been completed on 31 December 2021, and assuming that, among other bases and assumptions stated below, the Merger, E-LOG PERP Issuance and Divestments were completed on 31 December 2021, are as follows:

	Actual FY2021	After the Merger, E- LOG PERP Issuance and Divestments	After the Merger, E-LOG PERP Issuance, Divestments and the Japan Acquisition	
			Scenario A	Scenario B
NAV and NTA (S\$'000)	1,597,968	2,407,236	2,407,583	2,482,343
Number of issued Units ('000)	4,030,257	6,644,379	6,648,830	6,830,155
NAV and NTA per Unit (cents)	39.6	36.2	36.2	36.3
Accretion (%)	-	-	(0.1)	0.3

### 6.1.3 Pro Forma Aggregate Leverage

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Japan Acquisition on E-LOG's aggregate leverage as at 31 December 2021, assuming that the Japan Acquisition had been completed on 31 December 2021, and assuming that, among other bases and assumptions stated below, the Merger, E-LOG PERP Issuance and Divestments were completed on 31 December 2021, are as follows:

	Actual FY2021	After the Merger, E- LOG PERP Issuance and Divestments	After the Merger, E-LOG PERP Issuance, Divestments and the Japan Acquisition	
			Scenario A	Scenario B
Aggregate Leverage (%)	40.0	39.8	42.0	40.6

## 6.2 Interests of Directors and Substantial Unitholders

As at 19 September 2022, being the latest practicable date prior to the issuance of this Circular (the “**Latest Practicable Date**”), certain Directors collectively hold an aggregate direct and indirect interest in 7,171,531 Units.

Based on the Register of Directors’ Unitholdings maintained by the Manager and save as disclosed below, the following Directors currently hold a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Stefanie Yuen Thio	265,934	0.004	37,951	0.001	303,885	0.005
Leong Horn Kee	-	-	-	-	-	-
Ronald Lim	166,321	0.002	-	-	166,321	0.002
Nagaraj Sivaram	1,000,000	0.015	-	-	1,000,000	0.015
Jeffrey Perlman	-	-	-	-	-	-
Philip Pearce	-	-	-	-	-	-
Wilson Ang	4,114,579	0.062	-	-	4,114,579	0.062
Trent Iliffe	1,586,746	0.024	-	-	1,586,746	0.024
Adrian Chui	-	-	-	-	-	-

**Note:**

(1) The percentage interest is based on total issued Units of 6,685,226,373 as at the Latest Practicable Date.

Based on the Register of Substantial Unitholders’ Unitholdings maintained by the Manager, the Substantial Unitholders of E-LOG and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
e-Shang Infinity Cayman Limited	530,892,503	7.941	108,739,894 <sup>(2)</sup>	1.627	639,632,397	9.568
e-Shang Jupiter Cayman Limited	-	-	639,632,397 <sup>(3)</sup>	9.568	639,632,397	9.568
ESR Group Limited	-	-	973,163,661 <sup>(4)</sup>	14.557	973,163,661	14.557

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Tong Jinquan	172,802,987	2.585	255,184,832 <sup>(5)</sup>	3.817	427,987,819	6.402

**Notes:**

- (1) The percentage interest is based on 6,685,226,373 Units in issue as at the Latest Practicable Date.
- (2) e-Shang Infinity Cayman Limited indirectly owns 91.3% equity interest in the Manager and 100% equity interest in ESR-LOGOS Property Management (S) Pte. Ltd. Each of the Manager and ESR-LOGOS Property Management (S) Pte. Ltd. holds 88,149,484 Units and 20,590,410 Units, respectively. Therefore, e-Shang Infinity Cayman Limited is deemed to be interested in the 108,739,894 Units held by the Manager and ESR-LOGOS Property Management (S) Pte. Ltd.
- (3) e-Shang Infinity Cayman Limited is a wholly-owned subsidiary of e-Shang Jupiter Cayman Limited. Therefore, e-Shang Jupiter Cayman Limited is deemed to be interested in the 639,632,397 Units held by e-Shang Infinity Cayman Limited, the Manager and ESR-LOGOS Property Management (S) Pte. Ltd.
- (4) e-Shang Jupiter Cayman Limited is a wholly-owned subsidiary of ESR Group Limited. Therefore, ESR Group Limited is deemed to be interested in the 639,632,397 Units held by e-Shang Infinity Cayman Limited, the Manager and ESR-LOGOS Property Management (S) Pte. Ltd. LOGOS Units No.1 Ltd holds 318,887,399 Units and is a wholly-owned subsidiary of LOGOS Property Group Limited. ARA LOGOS Logistics Trust Management Limited holds 14,643,865 Units and is a wholly-owned subsidiary of LOGOS Manager No.1 Pte. Ltd., which is an indirect wholly-owned subsidiary of LOGOS Property Group Limited. ARA Logistics Venture I Limited owns 86.4% equity interest in LOGOS Property Group Limited. ARA Logistics Venture I Limited is a subsidiary of ARA Logistics Partners Limited which is in turn a subsidiary of ARA Logistics (Holdings) Pte. Ltd., which is a wholly-owned subsidiary of ARA Asset Management Limited, which is in turn a wholly-owned subsidiary of ESR Group Limited. Therefore, ESR Group Limited is deemed to be interested in the 333,531,264 Units held by LOGOS Units No.1 Ltd and ARA LOGOS Logistics Trust Management Limited.
- (5) Wealthy Fountain Holdings Inc holds 60 Units and Skyline Horizon Consortium Ltd holds 13,172,094 Units. Both Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd are wholly-owned by Shanghai Summit Pte. Ltd. (“SSPL”). Leading Wealth Global Inc (“LWG”) holds 242,012,678 Units and is a wholly-owned subsidiary of Longemont Real Estate Pte. Ltd., which is in turn a wholly-owned subsidiary of Shanghai Summit (Group) Co., Ltd. (“SSGCL”). Both SSPL and SSGCL are wholly-owned by Tong Jinquan. Therefore, Tong Jinquan is deemed to be interested in the 255,184,832 Units held by LWG, Wealthy Fountain Holdings Inc and Skyline Horizon Consortium Ltd.

### 6.3 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Japan Acquisition or any other transactions contemplated in relation to the Japan Acquisition.

## 7. RECOMMENDATION

Having regard to the rationale for and key benefits of the Japan Acquisition as set out in paragraph 3 above, the Independent Directors and the Audit, Risk

Management and Compliance Committee believe that the Japan Acquisition is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.

Accordingly, the Independent Directors and the Audit, Risk Management and Compliance Committee recommend that Unitholders vote at the EGM in favour of the Resolution relating to the Japan Acquisition.

It was announced on 2 August 2022 that Mr Khor Un-Hun resigned as Independent Non-Executive Director and Audit, Risk Management and Compliance Committee Chairman of the Manager to pursue other interests. It should be noted that Mr Khor Un-Hun had approved all matters relating to the Japan Acquisition which were submitted to the Board and the Audit, Risk Management and Compliance Committee up until his resignation.

## **8. EXTRAORDINARY GENERAL MEETING**

The EGM is being convened, and will be held, at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593 (the “**Physical Meeting**”) and by way of electronic means (the “**Virtual Meeting**”) on Wednesday, 12 October 2022 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of EGM, which is set out on pages G-1 to G-6 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution in respect of the Japan Acquisition. Approval by way of an Ordinary Resolution is required in respect of then Resolution.

The hybrid format of this EGM serves to facilitate interaction between the board of Directors of the Manager, the management team of the Manager and Unitholders. Unitholders and investors who hold Units through the Central Provident Fund or the Supplementary Retirement Scheme (“**CPF/SRS investors**”) will have the opportunity to raise questions (i) at the Physical Meeting, if attending the Physical Meeting, (ii) by submitting questions electronically during the live audio-visual webcast, and (iii) through submission of questions in advance of the EGM, as set out in the Notice of EGM on pages G-1 to G-6 of this Circular.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

## **9. ABSTENTIONS FROM VOTING**

Rule 919 of the Listing Manual prohibits interested persons and their associates (as

defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM, or accepting appointments as proxies unless specific instructions as to voting are given.

As at the Latest Practicable Date, the Manager is a subsidiary of the Sponsor.

Given that the Sponsor Vendor is an indirect subsidiary of the Sponsor, which is in turn a controlling shareholder of the Manager, the Sponsor will abstain, and will procure that its associates abstain, from voting on the Resolution at the EGM. The Manager and the shareholders of the Manager will also abstain from voting on the Resolution.

For the purposes of good corporate governance, as Mr Jeffrey Perlman is the Non-Executive Director of the Manager, Mr Philip Pearce is the Alternate Director to Mr Jeffrey Perlman and Mr Trent Iliffe is the Non-Executive Director of the Manager, they will each abstain from voting on the Resolution in respect of Units (if any) held by them.

## **10. ACTION TO BE TAKEN BY UNITHOLDERS**

### **10.1 Date, Time and Conduct of EGM**

The EGM is being convened, and will be held, by way of the Physical Meeting and by way of the Virtual Meeting on Wednesday, 12 October 2022 at 10.00 a.m. (Singapore time) pursuant to:

- (i) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts; and
- (ii) the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, which put in place a set of safe management measures to pre-empt increasing local transmission of COVID-19.

### **10.2 Notice of EGM and Proxy Form**

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form. The Notice of EGM and Proxy Form will also be available on E-LOG's website at the URL <https://esr-logosreit.listedcompany.com/meetings.html> and on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements>.

### **10.3 Personal attendance at the Physical Meeting**

The Manager may restrict the number of in-person attendees at the Physical Meeting taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19



situation from time to time.

Details of the steps for pre-registration, submission of questions and voting at the EGM are set out in **Appendix F** of this Circular and the Notice of EGM.

#### 10.4 Key Dates and Times

The table below sets out the key dates/deadlines for Unitholders to note:

Key Dates	Actions
27 September 2022 (Tuesday)	Pre-registration begins for the EGM.
5 October 2022 (Wednesday), 5.00 p.m.	<p>Deadline for all Unitholders and CPF/SRS investors to submit questions in advance of the EGM in relation to the resolution tabled at the EGM.</p> <p>Persons and entities who hold Units through a Relevant Intermediary (as defined below) ("<b>Relevant Intermediary Unitholders</b>") who wish to submit questions should approach their respective Relevant Intermediary to do so as soon as possible.</p> <p><b>"Relevant Intermediary"</b> means:</p> <ul style="list-style-type: none"> <li>(i) a banking corporation licensed under the Banking Act 1970, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;</li> <li>(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or</li> <li>(iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.</li> </ul>
3 October 2022 (Monday), 5.00 p.m.	<p>Deadline for CPF/SRS investors to approach their respective CPF Agent Banks or SRS Operators to specify their voting instructions / request to be appointed as proxies to vote at the EGM.</p> <p>Relevant Intermediary Unitholders who wish to exercise their voting rights / be appointed as proxies, must approach their respective Relevant Intermediary as soon as possible.</p>

Key Dates	Actions
7 October 2022 (Friday), 10.00 a.m.	Date and time by which the Manager will announce on SGXNET and E-LOG's website, the responses to substantial and relevant questions received.
9 October 2022 (Sunday), 10.00 a.m.	<p>Deadline for all Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders to:</p> <ul style="list-style-type: none"> <li>• pre-register themselves or their proxy(ies) for the EGM; and</li> <li>• (for Unitholders only) submit Proxy Forms via post to the Unit Registrar's office or email to SRS.TeamE@boardroomlimited.com or (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at <a href="https://smartagm.sg/esrlogosreitegm12October2022">https://smartagm.sg/esrlogosreitegm12October2022</a>.</li> </ul>
11 October 2022 (Tuesday), 5.00 p.m.	<p>Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who have been successfully pre-registered for the EGM will receive a confirmation email which contains unique user credentials, details of the Physical Meeting, instructions on how to access the live audio-visual webcast / live audio-only stream of the EGM proceedings, and other relevant matters (the "<b>Confirmation Email</b>").</p> <p>If you do not receive the Confirmation Email by 11 October 2022 at 5.00 p.m., but have pre-registered for the EGM by the deadline of 9 October 2022 at 10.00 a.m, you should contact the Unit Registrar, Boardroom Corporate &amp; Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.</p>
12 October 2022 (Wednesday), 10.00 a.m.	<p>Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who intend to attend the Physical Meeting must bring:</p> <ul style="list-style-type: none"> <li>• their original NRIC/Passport for verification and registration on the day of the EGM; and</li> <li>• their web-browser enabled device such as their mobile smartphone, laptop or tablet, and must have their Confirmation Email for the Physical Meeting with their unique user credentials handy.</li> </ul> <p>Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who intend to attend the Virtual Meeting should:</p> <ul style="list-style-type: none"> <li>• click on the link in the Confirmation Email and follow instructions to access the live audio-visual webcast of the EGM proceedings; or</li> <li>• call the telephone number in the Confirmation Email and</li> </ul>

Key Dates	Actions
	<p>follow the instructions to access the live-audio only stream of the EGM proceedings.</p> <p>To vote at the EGM, you must access the Virtual Meeting via the web-browser. CPF/SRS investors and Relevant Intermediary Unitholders can vote only if they have been appointed as proxies by their CPF Agent Bank / SRS Operator / Relevant Intermediary.</p>

## 10.5 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check the Manager’s website at the URL <https://esr-logosreit.listedcompany.com/meetings.html> for the latest updates on the status of the EGM.

## 11. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Japan Acquisition, E-LOG and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

## 12. CONSENTS

Each of the Japan Independent Valuers (being Colliers and CBRE) and the independent market research consultant for ESR Sakura DC (being Jones Lang LaSalle K.K. (“**Japan IMR Consultant**”)) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, (i) the respective summary valuation letter and valuation certificate, (ii) the independent market research report and all references thereto, in the form and context in which they are included in this Circular.

## 13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 8 Changi Business Park Avenue 1, #05-51, ESR BizPark@Changi (South Tower), Singapore 486018 from the date of this Circular up to and including the date falling three (3) months thereafter:

- (i) the Japan Sale and Purchase Agreement;
- (ii) the Fund SPA;
- (iii) the independent valuation reports on ESR Sakura DC issued by the Japan Independent Valuers;
- (iv) the independent market research report issued by the Japan IMR Consultant for ESR Sakura DC; and
- (v) the written consents of each of the Japan Independent Valuers and the Japan IMR Consultant.

The Trust Deed will also be available for inspection at the registered office of the Manager (address as set out above).

Yours faithfully

ESR-LOGOS Funds Management (S) Limited  
(as manager of ESR-LOGOS REIT)  
(Company Registration No. 200512804G)

**Adrian Chui**  
Chief Executive Officer and Executive Director

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<sup>1</sup> Prior appointment will be appreciated. Please contact the E-LOG Investor Relations team (telephone: +65 6222 3339).

### IMPORTANT NOTICE

This Circular does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of E-LOG in Singapore or any other jurisdictions.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee or any of their respective affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of E-LOG is not necessarily indicative of the future performance of E-LOG. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is issued to Unitholders solely for the purpose of convening the EGM and seeking the approval of Unitholders for the resolution to be proposed at the EGM. This Circular does not constitute an offering document for the offer of the New Units in the United States or any other jurisdiction, and no offer of any New Units is being made in this Circular. Any offer of New Units will be made in compliance with all applicable laws and regulations.

This Circular is not for distribution, directly or indirectly, in or into the United States of America ("**United States**" or "**U.S.**"). Any securities of E-LOG will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, or under the securities laws of any other jurisdiction, and any such securities may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable laws. The Manager does not intend to conduct a public offering of any securities of E-LOG in the United States.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>%</b>	:	Per centum or percentage
<b>Acquisition Announcement</b>	:	The acquisition announcement wherein the Manager announced the Japan Acquisition
<b>Acquisition Fee</b>	:	The acquisition fee of approximately S\$1.8 million payable to the Manager in connection with the Japan Acquisition
<b>ALOG</b>	:	ARA LOGOS Logistics Trust
<b>ALOG FY2021 Audited Financial Statements</b>	:	Latest audited financial statements of ALOG for the financial year ended 31 December 2021
<b>associate</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>Business Day</b>	:	Any day (other than a Saturday, Sunday or gazetted public <i>holiday</i> ) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading
<b>CBRE</b>	:	CBRE K.K.
<b>Colliers</b>	:	Colliers International Japan KK
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>CPF/SRS investors</b>	:	Investors who hold Units through the Central Provident Fund or the Supplementary Retirement Scheme
<b>Circular</b>	:	This circular to Unitholders dated 27 September 2022
<b>Confirmation Email</b>	:	A confirmation email which contains unique user credentials, details of the Physical Meeting, instructions on how to access the live audio-visual webcast / live audio-only stream of the EGM proceedings, and other relevant matters
<b>Deposit</b>	:	The deposit of JPY 872.5 million (approximately S\$9.0 million) to be payable to the Fund Vendor upon signing of the Fund SPA
<b>DPU</b>	:	Distribution per Unit
<b>Effective Gross Rents or EGR</b>	:	Effective gross rents take into account rent-free periods and the rental escalation for the lease period
<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be convened and held at Suntec Singapore Convention &



Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593, and by way of electronic means on Wednesday, 12 October 2022 at 10.00 a.m. (Singapore time), to approve the matters set out in the Notice of EGM on pages G-1 to G-6 of this Circular

<b>E-LOG</b>	:	ESR-LOGOS REIT
<b>E-LOG Group</b>	:	E-LOG and its subsidiaries
<b>E-LOG PERP Issuance</b>	:	Refers to the issuance of S\$150.0 million of new perpetual securities at a coupon rate of 5.5% per annum as announced on 2 June 2022 and issued on 9 June 2022
<b>Enlarged Portfolio</b>	:	Existing Portfolio and ESR Sakura DC
<b>ESR Japan</b>	:	ESR Ltd.
<b>ESR Sakura DC</b>	:	A logistics property known as ESR Sakura Distribution Centre located at 2464-11 and others, Ota Aza Hiradai, Sakura-shi, Chiba-ken
<b>ESR TMK</b>	:	ESR-LOGOS REIT TMK1
<b>ESR Sakura Trustee</b>	:	Mitsubishi UFJ Trust and Banking Corporation
<b>Existing Australia Funds</b>	:	E-LOG's investments in three property funds in Australia
<b>Existing Interested Person Transactions</b>	:	Interested person transactions entered into between E-LOG, the Manager, the Sponsor, LOGOS and each of their subsidiaries and associates during the course of the current financial year up to the Latest Practicable Date
<b>Existing Portfolio</b>	:	The Existing Properties and the Existing Australia Funds
<b>Existing Properties</b>	:	As at 30 June 2022, the portfolio of 83 properties located across the developed markets of Singapore (62 assets) and Australia (21 assets) currently held by E-LOG
<b>Fund SPA</b>	:	A sale and purchase agreement entered into by Fund Vendor and the Sponsor Vendor
<b>Fund Vendor</b>	:	RW Sakura TMK, a Japan TMK
<b>FY2021 Audited Financial Statements</b>	:	Latest audited financial statements of E-LOG for the financial year ended 31 December 2021
<b>Japan Acquisition</b>	:	Acquisition of 100% of the trust beneficiary interest in ESR Sakura DC

<b>Japan IMR Consultant</b>	:	Independent market research consultant for ESR Sakura DC
<b>Japan Independent Valuers</b>	:	CBRE and Colliers
<b>Japan Purchase Consideration</b>	:	The purchase consideration of approximately S\$183.5 million (JPY 17,800 million) for ESR Sakura DC
<b>Japan Sale and Purchase Agreement</b>	:	A sale and purchase agreement entered into by ESR TMK and the Sponsor Vendor
<b>JPY</b>	:	Japan Yen, as the lawful currency of Japan
<b>Latest Practicable Date</b>	:	19 September 2022, being the latest practicable date prior to the issuance of this Circular
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>LOGOS</b>	:	LOGOS Property Group Limited
<b>Manager</b>	:	ESR-LOGOS Funds Management (S) Limited, in its capacity as manager of E-LOG
<b>Merger</b>	:	The merger between ESR-REIT and ALOG to form E-LOG which was announced on 15 October 2021 and completed on 28 April 2022
<b>NAV</b>	:	Net asset value attributable to Unitholders
<b>New Units</b>	:	New units in E-LOG to be issued under the Equity Fund Raising
<b>NLA</b>	:	Net lettable area (also known as net rentable area)
<b>NPI</b>	:	Net property income
<b>NTA</b>	:	Net tangible assets
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Physical Meeting</b>	:	The physical EGM being convened, and to be held, at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore

<b>Relevant Intermediary Unitholders</b>	:	Persons and entities who hold Units through a Relevant Intermediary
<b>Rental Support</b>	:	In respect of ESR Sakura DC, a rental support to cover the property income for a part of the property that is vacant and the completion of the Japan Acquisition
<b>Rental Support Amount</b>	:	The amount of the Rental Support at a rate of JPY 3,200 per tsubo per month
<b>Rental Support Period</b>	:	The period of the Rental Support amounting to a period of 12 months commencing after the date of completion of the Japan Acquisition
<b>Resolution</b>	:	A resolution to be tabled at the EGM
<b>S\$ and cents</b>	:	Singapore dollars and cents, as the lawful currency of the Republic of Singapore
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>Sponsor</b>	:	ESR Group Limited
<b>Sponsor Support</b>	:	The support provided by the Sponsor to secure the Japan Acquisition and to provide certainty of transaction and to mitigate the short-term leasing risks to E-LOG.
<b>Sponsor Vendor</b>	:	ESR 34 GK, a Japan Entity
<b>sq ft</b>	:	Square feet
<b>sqm</b>	:	Square metres
<b>Substantial Unitholders</b>	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue, and “ <b>Substantial Unitholder</b> ” means any one of them
<b>Supplemental Deed</b>	:	Refers to the deed of retirement and appointment of Trustee which the Manager has entered into on 14 April 2022 with RBC Investor Services Trust Singapore Limited (in its capacity as retiring trustee of E-LOG) and Perpetual (Asia) Limited (in its capacity as new trustee of E-LOG)
<b>TMK</b>	:	<i>tokutei mokuteki kaisha</i>
<b>Total Acquisition Outlay</b>	:	The total acquisition outlay for the Japan Acquisition
<b>Total Rental Support Amount</b>	:	The Total Rental Support amount to be provided, which shall amount to JPY 236.5 million
<b>Trust Deed</b>	:	The trust deed constituting E-LOG dated 31 March 2006 entered into between the Trustee and the Manager, as

	amended, varied, or supplemented from time to time
<b>Trustee</b>	: RBC Investor Services Trust Singapore Limited, in its capacity as trustee of E-LOG
<b>tsubo</b>	: A Japanese unit of area equal to 35.58 sq ft
<b>Unit</b>	: A unit representing an undivided interest in E-LOG
<b>Unitholder</b>	: The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
<b>United States or U.S.</b>	: United States of America
<b>Virtual Meeting</b>	: The EGM being convened, and to be held, by way of electronic means
<b>VWAP Price</b>	: The weighted average price for trades done on the SGX for the full market day on which the placement (or if trading in the units is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed)
<b>WALE</b>	: Weighted Average Lease Expiry (based on Effective Gross Rent)

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

## DETAILS OF ESR SAKURA DC, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

### 1. ESR Sakura DC

#### 1.1 Description of ESR Sakura DC

ESR Sakura DC comprises a five-storey logistics property in Sakura City, Chiba Prefecture in Tokyo. ESR Sakura DC is freehold and was completed in 2015. As such, the age of the asset is less than 10 years old.

Sakura City is in the northern part of Chiba Prefecture between Narita Airport and Chiba Port and is part of the Narita/Sakura logistics submarket in Tokyo. The Chiba logistics market lies approximately 40 kilometres east of Tokyo's Central Business District.

The table below sets out a summary of selected information on ESR Sakura DC as at 30 June 2022, unless otherwise indicated.

	<b>ESR Sakura DC</b>
<b>Asset Type</b>	Distribution Centre
<b>Japan Purchase Consideration<sup>(1)</sup></b>	approximately S\$183.5 million <sup>(2)</sup> (JPY 17,800 million)
<b>Location</b>	2464-11 and others, Ota, Sakura-shi, Chiba-ken
<b>Land Area (sqm)</b>	41,658.2
<b>NLA (sqm)</b>	81,507.4
<b>Land Tenure</b>	Freehold
<b>WALE (years)</b>	2.9
<b>First year NPI<sup>(3)</sup></b>	JPY 790.0 million (approximately S\$8.1 million)
<b>Occupancy Rate<sup>(4)</sup></b>	75.0%
<b>Number of Tenants</b>	4
<b>Valuation by CBRE (as at 30 June 2022)</b>	JPY 18,000 million (approximately S\$185.6 million) (with Rental Support) JPY 17,800 million (approximately S\$183.5 million) (without Rental Support)
<b>Valuation by Colliers (as at 30 June 2022)</b>	JPY 18,030 million (approximately S\$185.9 million) (with Rental Support)

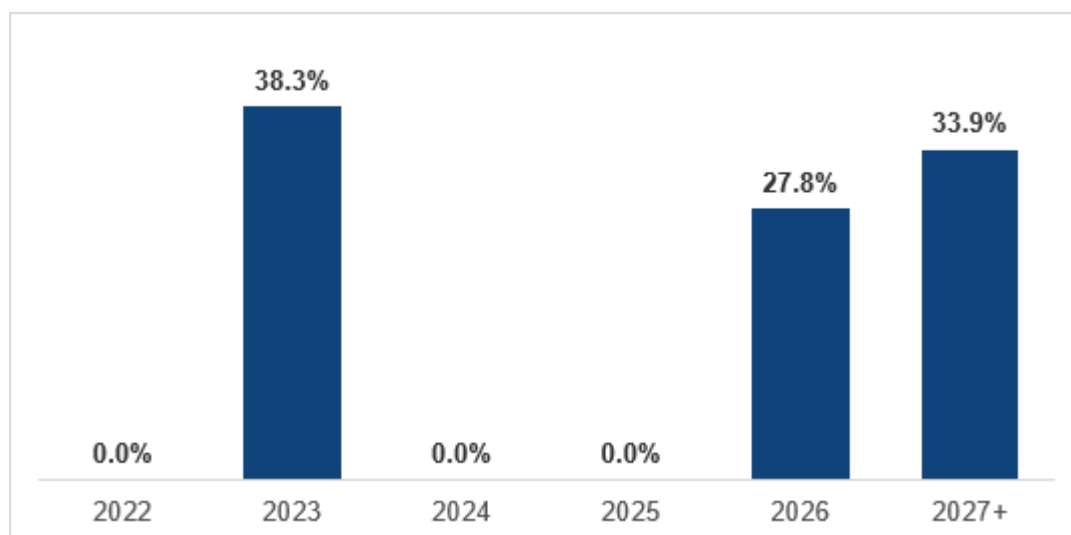
	<b>ESR Sakura DC</b>
	JPY 17,730 million (approximately S\$182.8 million) (without Rental Support)

**Notes:**

- (1) Based on illustrative exchange rate of JPY 97.00 = S\$1.00.
- (2) The Japan Purchase Consideration represents the higher of the purchase price payable, as compared to the purchase price in respect of the Fund SPA, in consideration of the provision of rental support (as defined herein) by the Sponsor Vendor in relation to the Japan Sale and Purchase Agreement.
- (3) Including Rental Support (as defined herein).
- (4) Occupancy rate as at 30 June 2022.

## 1.2 Lease Expiry Profile for ESR Sakura DC

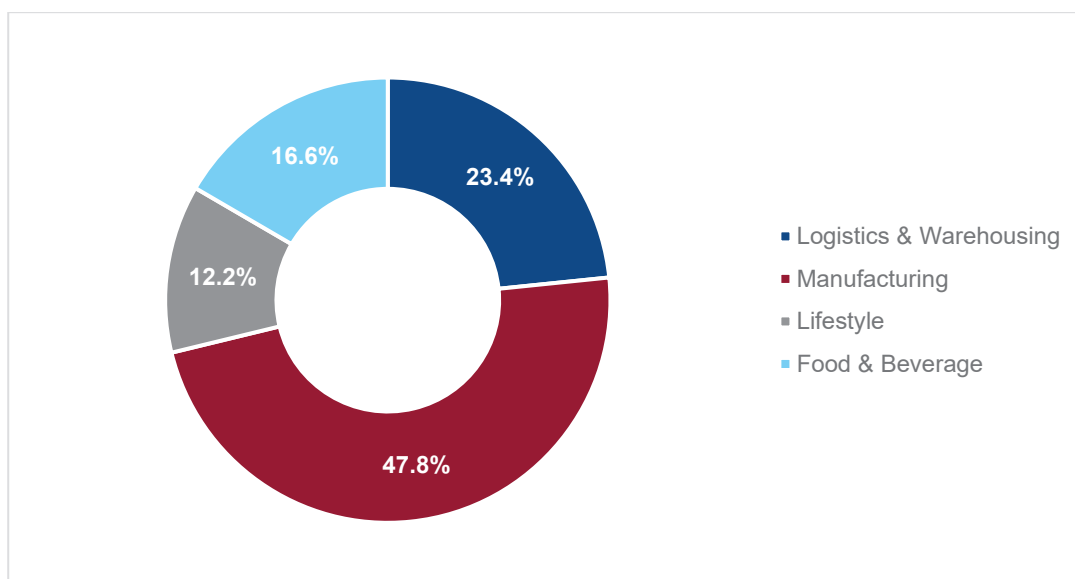
The chart below illustrates the committed lease expiry profile for ESR Sakura DC by percentage of committed NLA and monthly Effective Gross Rents as at 30 June 2022.



## 1.3 Trade Sector Analysis for ESR Sakura DC

The chart below provides a breakdown by the different trade sectors represented in ESR Sakura DC as a percentage of committed NLA and monthly Effective Gross Rents as at 30 June 2022.





#### 1.4 Tenants of ESR Sakura DC

The table below sets out the tenants of ESR Sakura DC by monthly Effective Gross Rents committed for the month of June 2022.

No.	Tenant	Sector	% of Effective Gross Rents
1	Universal Entertainment Corporation	Manufacturing	47.8
2	Sanzen Logistics Solution	Logistics & Warehousing	23.4
3	Kanto-Shinetsu Corp	Food & Beverage	16.6
4	Tenpos Busters	Lifestyle	12.2

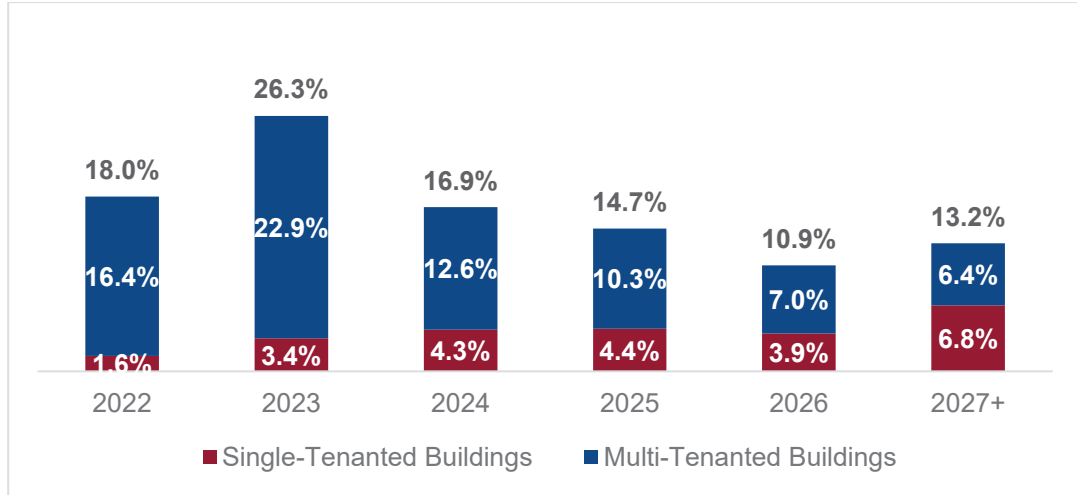
## 2. Existing Portfolio

As at 30 June 2022, the Existing Portfolio comprises 83 properties located across the developed markets of Singapore (62 assets) and Australia (21 assets), with a total gross floor area of approximately 2.3 million sqm, as well as investments in the Existing Australia Funds<sup>1</sup>. For the avoidance of doubt, the Existing Properties do not include the properties held by the Existing Australia Funds.

### 2.1 Lease Expiry Profile for the Existing Properties

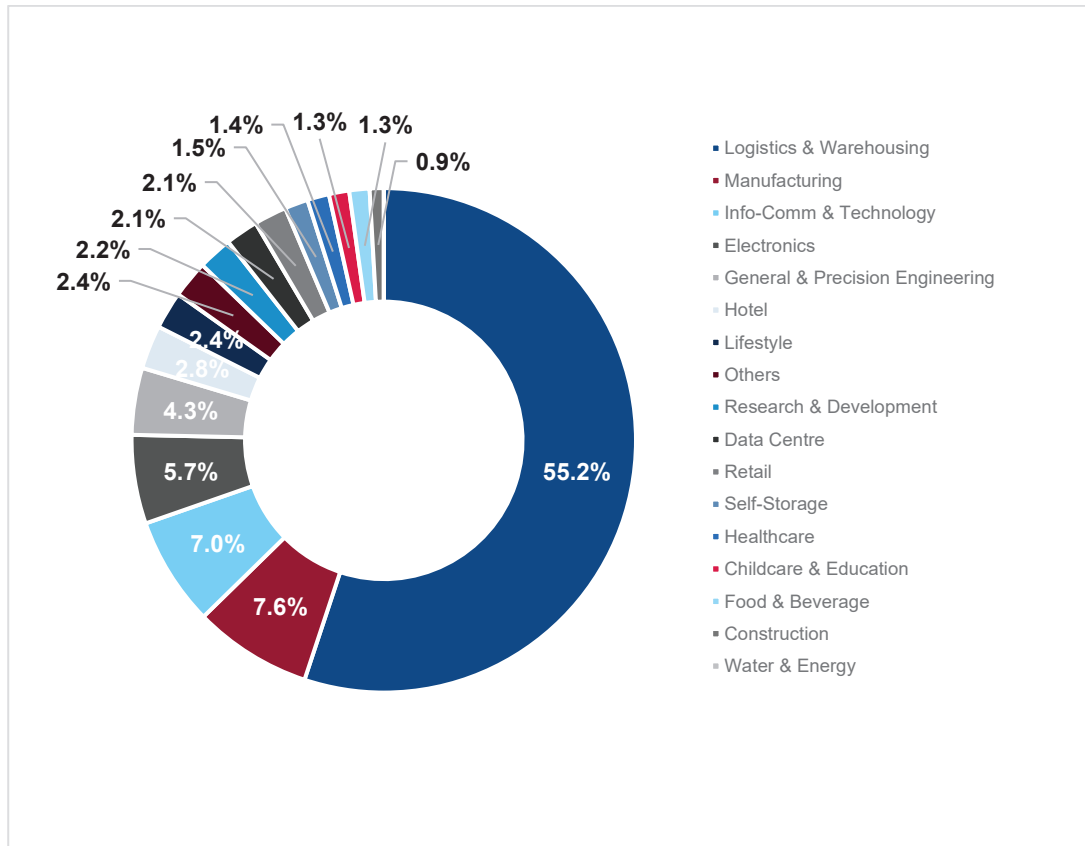
<sup>1</sup> For the purposes of this Circular, the information on the Existing Properties is as at 30 June 2022 and have not been adjusted for the divestments of 3 Sanitarium Drive which was completed on 22 July 2022. As at the Latest Practicable Date, E-LOG's portfolio comprises 82 properties as the divestment of 3 Sanitarium Drive was completed on 22 July 2022.

The chart below illustrates the lease expiry profile of the Existing Properties by monthly Effective Gross Rents as a percentage of total Effective Gross Rents as at 30 June 2022.



## 2.2 Trade Sector Analysis for Existing Properties

The chart below provides a breakdown by monthly Effective Gross Rents based on committed leases of the different business sectors of tenants represented in the Existing Properties as at 30 June 2022.



## 2.3 Top Ten Tenants of the Existing Properties

The table below sets out selected information about the top ten tenants of the Existing Properties by monthly Effective Gross Rents committed for the month of June 2022.

No.	Tenant	% of Effective Gross Rents
1	ACFS Port Logistics Pty Ltd	4.7%
2	DHL Supply Chain Singapore Pte Ltd	4.5%
3	AMS Sensors Singapore Pte. Ltd.	4.1%
4	United Engineers Developments Pte Ltd	2.8%
5	Sharikat Logistics Pte Ltd	2.2%
6	Meiban Investment Pte Ltd	2.1%
7	Schenker Singapore (Pte) Ltd	1.8%
8	Data Centre Operator <sup>(1)</sup>	1.7%
9	Venture Corporation Limited	1.7%
10	TEYS Australia Pty Ltd	1.6%

**Note:**

(1) Tenant not named due to confidentiality obligations.

## 3. Enlarged Portfolio

### 3.1 Overview of the Enlarged Portfolio

The table below sets out selected information on the Enlarged Property Portfolio as at 30 June 2022, unless otherwise indicated.

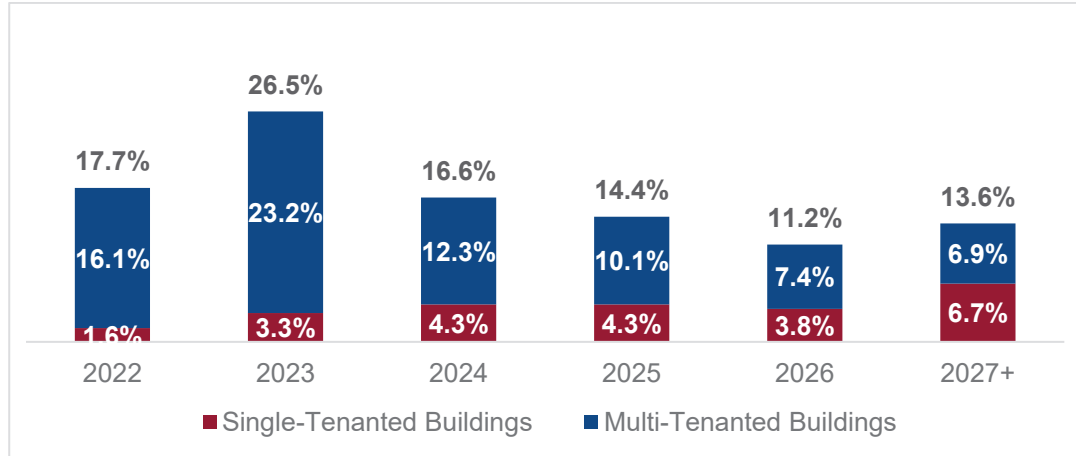
	ESR Sakura DC	Existing Portfolio	Enlarged Portfolio
NLA (sqm)	81,507	2,080,859	2,162,366
Number of Tenants	4	453	457
Committed Occupancy Rate (%)	75.0	94.1	93.4
WALE (years)	2.9	3.0	3.0
Total Assets (S\$ million)	185.6 <sup>(1)</sup>	5,487.2	5,672.7

**Note:**

(1) Based on the lower of the two independent valuations conducted by CBRE and Colliers at JPY 18,000 million (approximately S\$185.6 million) and JPY 18,030 million (approximately S\$185.9 million) respectively, taking into account the Rental Support and current market conditions.

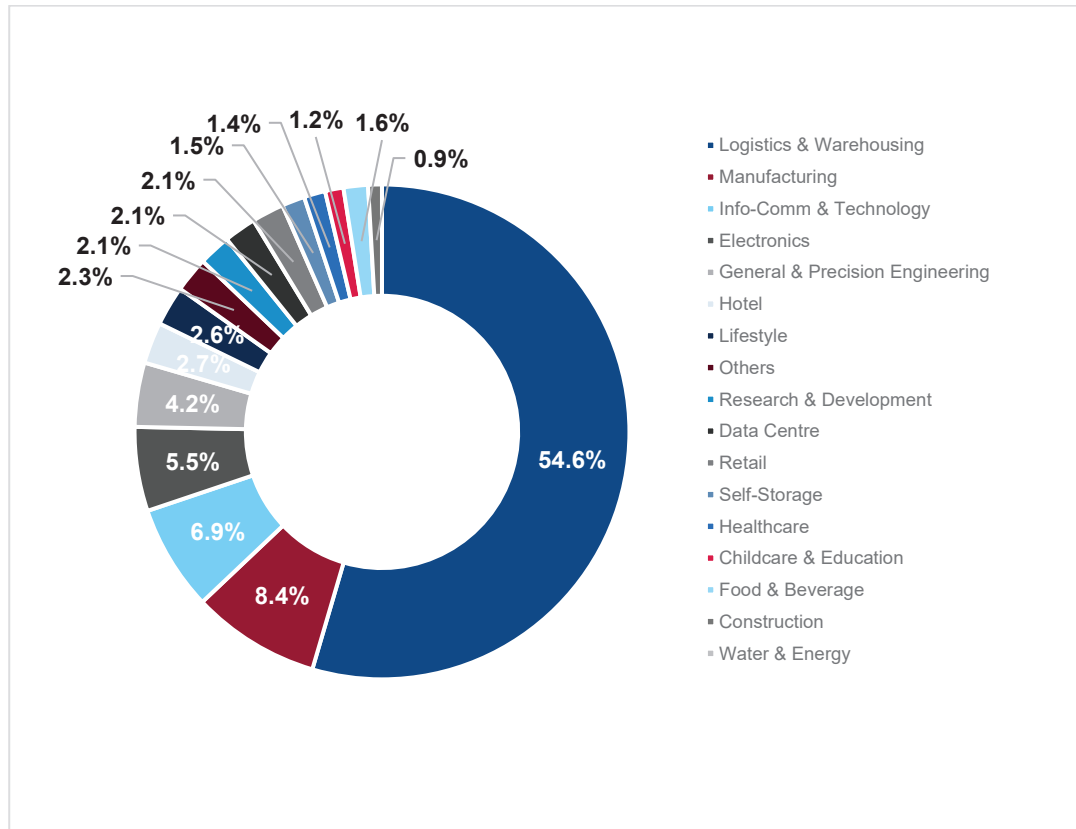
### 3.2 Lease Expiry Profile for the Enlarged Portfolio

The chart below illustrates the lease expiry profile of the Enlarged Portfolio by monthly Effective Gross Rents as a percentage of total Effective Gross Rents as at 30 June 2022.



### 3.3 Trade Sector Analysis for the Enlarged Portfolio

The chart below provides a breakdown by monthly Effective Gross Rents based on committed leases of the different business sectors of tenants represented in the Enlarged Portfolio as at 30 June 2022.



### 3.4 Top Ten Tenants of the Enlarged Portfolio

The table below sets out selected information about the top ten tenants of the Enlarged Portfolio by monthly Effective Gross Rents committed for the month ended of June 2022.

No.	Tenant	% of Effective Gross Rents
1	ACFS Port Logistics Pty Ltd	4.6%
2	DHL Supply Chain Singapore Pte Ltd	4.4%
3	AMS Sensors Singapore Pte. Ltd.	4.0%
4	United Engineers Developments Pte Ltd	2.7%
5	Sharikat Logistics Pte Ltd	2.2%
6	Meiban Investment Pte Ltd	2.1%
7	Schenker Singapore (Pte) Ltd	1.8%
8	Data Centre Operator <sup>(1)</sup>	1.7%
9	Venture Corporation Limited	1.7%
10	TEYS Australia Pty Ltd	1.6%

**Note:**

(1) Tenant not named due to confidentiality obligations.

## APPENDIX B

### BASES AND ASSUMPTIONS UNDERLYING THE PRO FORMA FINANCIAL EFFECTS OF THE JAPAN ACQUISITION

#### Basis of preparation for the pro forma financial effects of the Japan Acquisition on E-LOG's DPU for FY2021

The unaudited pro forma financial effects of the Japan Acquisition on E-LOG have been prepared based on the E-LOG (formerly known as ESR-REIT) FY2021 Audited Financial Statements and ALOG FY2021 Audited Financial Statements, for illustrative purposes only, and are based on certain assumptions directly attributable to the Merger, E-LOG PERP Issuance, Divestments and the Japan Acquisition, to show the pro forma financial effects of the Japan Acquisition on E-LOG's DPU for FY2021.

The assumptions for the Japan Acquisition are set out as follows:

- (a) the illustrative exchange rate is JPY 97.00 = S\$1.00;
- (b) the acquisition of ESR Sakura DC had occurred on 1 January 2021 and a full year pro forma financial effect from the Japan Acquisition were included;
- (c) the vacant space at ESR Sakura DC remains vacant for a period of 12 months from completion, and the full 12 months of Rental Support amounting to JPY 236.5 million (approximately S\$2.4 million) is paid out to E-LOG;
- (d) For Scenario A, where the Japan Acquisition was 100% funded by external debt:
  - (i) new Japanese Yen denominated banking facilities of approximately S\$181.5 million at a weighted average "all-in" finance cost of 0.98% per annum was used to partially finance the Total Acquisition Outlay; and
  - (ii) existing Singapore Dollar banking facilities of approximately S\$3.7 million at a weighted average "all-in" finance cost of 2.79% per annum was used to partially finance the Total Acquisition Outlay;
- (e) For Scenario B, where the Japan Acquisition was 60% funded by external debt and 40% funded by equity:
  - (i) new Japanese Yen denominated banking facilities of approximately S\$110.4 million at a weighted average "all-in" finance cost of 0.79% per annum was used to partially finance the Total Acquisition Outlay; and
  - (ii) issuance of approximately 181.3 million new Units at an illustrative issue price of S\$0.4123 per Unit, based on the volume weighted average price per Unit for all trades on the SGX-ST as at 26 August 2022, being the market day immediately prior to the date of announcement of the Japan Acquisition



(the “**Acquisition Announcement**”), to raise proceeds of approximately S\$74.8 million to partially finance the Total Acquisition Outlay;

- (f) acquisition fees of approximately S\$1.8 million relating to the Japan Acquisition was paid by way of the issuance of approximately 4.5 million new Units at the illustrative issue price of S\$0.4123 per Unit;
- (g) approximately 45% of the asset management fees relating to the Japan Acquisition was paid in Units; and
- (h) other costs including stamp duty, the estimated professional and other fees and expenses of approximately S\$1.7 million incurred or to be incurred by E-LOG in connection with the Japan Acquisition were funded as part of the Total Acquisition Outlay in Scenario A and Scenario B.

The assumptions for the Merger and E-LOG PERP Issuance (as defined below) are set out as follows:

- (a) the Merger and E-LOG PERP Issuance had occurred on 1 January 2021;
- (b) the completion of the development and acquisition of the Heron Property by ALOG based on its contracted purchase consideration, which was actually completed on 11 January 2022, had occurred on 1 January 2021 and a full year pro forma financial effect from the aforementioned acquisition was included;
- (c) the translation of A\$ to S\$ at the exchange rates prevailing in the preparation of the ALOG FY2021 Audited Financial Statements;
- (d) based on the weighted number of ALOG units issued for FY2021, the scheme consideration of approximately S\$1,409.3 million for the Merger was settled by way of an aggregate cash consideration of approximately S\$140.9 million and the issuance of approximately 2,478.5 million new Units;
- (e) ALOG’s total borrowings and related interest rate swaps of approximately S\$757.3 million were replaced with new banking facilities of approximately S\$607.3 million at a weighted average “all-in” finance cost of 2.79% per annum and S\$150.0 million of new perpetual securities at a coupon rate of 5.5% per annum as announced on 2 June 2022 and issued on 9 June 2022 (the “**E-LOG PERP Issuance**”);
- (f) ALOG’s S\$101.5 million perpetual securities were not redeemed;
- (g) the upfront land premium of approximately S\$37.7 million, funded by new banking facilities at a weighted average “all-in” finance cost of 2.79% per annum, was paid to JTC Corporation at completion of the Merger and E-LOG did not incur any land rent expenses for the ALOG properties in FY2021 save for the property located at 24 Penjuru Road;
- (h) acquisition fees of approximately S\$16.0 million pursuant to the Merger were paid by way of the issuance of approximately 38.3 million new Units at the issue price of

S\$0.4170 per Unit, which was determined based on the weighted average price per Unit for all trades on the SGX-ST in the ordinary course of trading for the ten business days prior to the date of completion of the Merger on 28 April 2022, as announced on 17 May 2022;

- (i) ALOG's asset management and trustee fee structures were replaced with the management fee and trustee fee structures in the E-LOG Trust Deed with effect from 1 January 2021. Consequently, no performance fee was paid by E-LOG for FY2021 and approximately 75.0% of the asset management fees for E-LOG was paid in Units;
- (j) estimated professional fees, stamp duty, and other fees and expenses of approximately S\$32.9 million related to the Merger were funded by new banking facilities at a weighted average "all-in" finance cost of 2.79% per annum;
- (k) transaction costs related to the Merger and the excess of the scheme consideration over the acquired net assets of ALOG were written off; and
- (l) excludes any other operational and trust level savings or potential synergies from the Merger.

The assumptions for the Divestments (as defined below) are set out as follows:

- (a) the following divestments by E-LOG had occurred on 1 January 2021:
  - (i) the divestment of 3 Sanitarium Drive, Berkeley Vale, New South Wales in Australia as announced on 25 May 2022 and actually completed on 22 July 2022; and
  - (ii) the divestment of 49 Pandan Road, as announced on 29 July 2022, (collectively, the "**Divestments**");
- (b) the net divestment proceeds, after accounting for transaction costs and taxes, were used for the repayment of bank borrowings; and
- (c) the actual financial information of the Divestments was excluded from the pro forma financial effects of the Japan Acquisition.

## **Basis of preparation for the pro forma financial effects of the Japan Acquisition on E-LOG's NAV and NTA per Unit and aggregate leverage as at 31 December 2021**

The unaudited pro forma financial effects of the Japan Acquisition on E-LOG have been prepared based on the E-LOG (formerly known as ESR-REIT) FY2021 Audited Financial Statements and ALOG FY2021 Audited Financial Statements, for illustrative purposes only, and are based on certain assumptions directly attributable to the Merger, E-LOG PERP Issuance, Divestments and the Japan Acquisition, to show the pro forma financial effects of the Japan Acquisition on E-LOG's NAV and NTA per Unit and aggregate leverage as at 31 December 2021.

The assumptions for the Japan Acquisition are set out as follows:

- (a) the illustrative exchange rate is JPY 97.00 = S\$1.00;
- (b) the acquisition of ESR Sakura DC had occurred on 31 December 2021;
- (c) For Scenario A, where the Japan Acquisition was 100% funded by external debt:
  - (i) new Japanese Yen denominated banking facilities of approximately S\$181.5 million at a weighted average "all-in" finance cost of 0.98% per annum was used to partially finance the Total Acquisition Outlay; and
  - (ii) existing Singapore Dollar banking facilities of approximately S\$3.7 million at a weighted average "all-in" finance cost of 2.79% per annum was used to partially finance the Total Acquisition Outlay;
- (d) For Scenario B, where the Japan Acquisition was 60% funded by external debt and 40% funded by equity:
  - (i) new Japanese Yen denominated banking facilities of approximately S\$110.4 million at a weighted average "all-in" finance cost of 0.79% per annum was used to partially finance the Total Acquisition Outlay; and
  - (ii) issuance of approximately 181.3 million new Units at an illustrative issue price of S\$0.4123 per Unit based on the volume weighted average price per Unit for all trades on the SGX-ST as at 26 August 2022, being the market day immediately prior to the Acquisition Announcement, to raise proceeds of approximately S\$74.8 million to partially finance the Total Acquisition Outlay;
- (e) acquisition fees of approximately S\$1.8 million relating to the Japan Acquisition was paid by way of the issuance of approximately 4.5 million new Units at the illustrative issue price of S\$0.4123 per Unit; and
- (f) other costs including stamp duty, the estimated professional and other fees and expenses of approximately S\$1.7 million incurred or to be incurred by E-LOG in connection with the Japan Acquisition were funded as part of the Total Acquisition Outlay in Scenario A and Scenario B.

The assumptions for the Merger and E-LOG PERP Issuance are set out as follows:

- (a) the Merger and E-LOG PERP Issuance had occurred on 31 December 2021;
- (b) the translation of A\$ to S\$ at the exchange rates prevailing in the preparation of the ALOG FY2021 Audited Financial Statements;
- (c) the completion of the development and acquisition of the Heron Property by ALOG based on its contracted purchase consideration, which was actually completed on 11 January 2022, had occurred on 31 December 2021;
- (d) based on the number of ALOG Units issued as at 21 April 2022, being the record date to determine the entitlements of the ALOG Unitholders in respect of the scheme, the scheme consideration of approximately S\$1,409.3 million for the Merger was settled by way of an aggregate cash consideration of approximately S\$140.9 million and the issuance of approximately 2,575.8 million new Units, as announced on 28 April 2022;
- (e) ALOG's total borrowings and related interest rate swaps of approximately S\$757.3 million were replaced with new banking facilities of approximately S\$607.3 million at a weighted average "all-in" finance cost of 2.79% per annum and S\$150.0 million of new perpetual securities from the E-LOG PERP Issuance;
- (f) ALOG's S\$101.5 million perpetual securities were not redeemed;
- (g) the upfront land premium of approximately S\$37.7 million, funded by new banking facilities at a weighted average "all-in" finance cost of 2.79% per annum, was paid to JTC Corporation at completion of the Merger;
- (h) acquisition fees of approximately S\$16.0 million pursuant to the Merger were paid by way of the issuance of approximately 38.3 million new Units at the issue price of S\$0.4170 per Unit, which was determined based on the weighted average price per Unit for all trades on the SGX-ST in the ordinary course of trading for the ten business days prior to the date of completion of the Merger on 28 April 2022, as announced on 17 May 2022;
- (i) estimated professional fees, stamp duty, and other fees and expenses of approximately S\$32.9 million related to the Merger were funded by new banking facilities at a weighted average "all-in" finance cost of 2.79% per annum;
- (j) transaction costs related to the Merger and the excess of the scheme consideration over the acquired net assets of ALOG were written off.

The assumptions for the Divestments are set out as follows:

- (a) the following Divestments had occurred on 31 December 2021:
  - (i) the divestment of 3 Sanitarium Drive, Berkeley Vale, New South Wales in Australia as announced on 25 May 2022 and actually completed on 22 July 2022; and

- (ii) the divestment of 49 Pandan Road, as announced on 29 July 2022; and
- (b) the net divestment proceeds, after accounting for transaction costs and taxes, were used for the repayment of bank borrowings.

**APPENDIX C**

**SUMMARY VALUATION REPORTS AND VALUATION CERTIFICATES**



1 August 2022

CBRE Limited

Our Reference: AP-221148

Level 27, One Pacific Place

88 Queensway

Admiralty, Hong Kong

T 852 2820 2800

F 852 2810 0830

ESR-LOGOS Funds Management (S) Limited (the "Manager")

8 Changi Business Park Avenue 1, #05-51,

ESR BizPark @ Changi (South Tower),

Singapore 486018 (Reliant party)

Perpetual (Asia) Limited

8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore

018981 (Reliant party)

香港金鐘道 88 號

太古廣場一期 27 樓

電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

地產代理 (公司) 牌照號碼

Estate Agent's Licence (Co.) No. C-004065

RBC Investor Services Trust Singapore Limited

as Trustee of ESR-LOGOS REIT (the "Trustee")

8 Marina View #26-01 Asia Square Tower 1

Singapore 018960 (Instructing party)

(together, the "Addressees")

Dear Sirs/Madam,

## **SUMMARY LETTER OF THE VALUATION OF A PROPERTY IN RELATION TO THE PROPOSED ACQUISITION BY ESR-LOGOS REIT ON THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST")**

As instructed by the "Trustee", we, CBRE K.K. ("CBRE"), have issued a valuation report dated 1 August 2022 with material date of valuation as of 30 June 2022 ("Valuation Report"), outlining the Market Value for the property within the Property in Japan ("Property") for the purposes of proposed acquisition by ESR-LOGOS REIT on the Main Board of the SGX-ST.

We provide this Letter which is a condensed version of our more extensive Valuation Report, outlining key factors that have been considered in arriving at our opinions of value. This Letter should be read in conjunction with the issued Valuation Report.

We have issued the comprehensive formal full Valuation Report and this Letter which is vested with the "Trustee", in accordance with the terms of engagement entered into between CBRE and the "Trustee", dated 8 July 2022.

Basis of valuation is Market Value subject to existing tenancies and occupational arrangements the valuation is prepared in accordance with the Japanese Real Estate Appraisal Standards, Market Value is defined as follows:

We have also prepared this Letter and the valuation certificated in accordance with Rule 222(3) of the SGX's Listing Manual and the Singapore Institute of Surveyors and Valuers (SISV)'s "Practice Guide for Valuation Reporting for REITs, Listed Companies and Initial Public Offerings (IPOs) including inclusion in Prospectus and Circulars", a copy of which can be found on the SGX website <https://www.sgx.com/regulation/guides-handbooks>. In accordance with the Japanese Real Estate Appraisal Standards, Market Value is defined as follows:

"Market value refers to the probable value that would be formed for the marketable real estate in a market that satisfies conditions associated with a rational market under actual socio-economic circumstances. A market that satisfies the conditions associated with a rational market under actual socio-economic circumstances refers to a market that satisfies the conditions listed below."

- 1) The market participants must be acting on their own free will and be able to enter or leave the market as they wish. Motivated by the desire to maximize their returns while exhibiting wise and prudent behavior, market participants will satisfy the requirements listed below.
  - a) No special motivation causes them to sell off or to initiate buying.
  - b) They have only access to ordinary knowledge and information, required to conduct transactions involving the subject property or in the subject property market.
  - c) They have expended the labor and costs normally considered necessary to conduct transactions.
  - d) They premise value on the highest and best use of the subject property.
  - e) Purchasers have ordinary access to procuring funds (financing).
- 2) There must be no special curbs on transactions that restrict market participants nor any extraordinary incentives that induce participants to sell off or initiate buying.
- 3) The subject property must be exposed in the market for an appropriate period of time.

The definition of Market Value in the Letter, valuation certificate and the Valuation Report corresponds materially with the definition of market value set out in the Practice Guide.

This definition of market value is in accordance with Rule 222(3) of the SGX's Listing Manual and the Singapore Institute of Surveyors and Valuers (SISV)'s "Practice Guide for Valuation Reporting for REITs, Listed Companies and Initial Public Offerings (IPOs) including inclusion in Prospectus and Circulars", a copy of which can be found on the SGX website.

#### **Reliance on this Letter**

We have prepared this Letter which summarizes our Valuation Reports and outlines key factors which have been considered in arriving at our opinion of value. CBRE has provided the addressee(s) with a comprehensive Valuation Report for each Property.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

- This Letter alone does not contain all the necessary data and support information in terms of the valuation, which is included within our Valuation Reports. To understand the complexity of the methodology and the many variables involved, reference must be made to the Valuation Reports, copies of which are held by ESR-LOGOS REIT.
- The conclusions within the Valuation Reports as to the estimated value are based upon the factual information set forth in the Valuation Reports. Whilst CBRE has endeavored to assure the accuracy of the factual information, it has not independently verified all information provided by ESR-LOGOS REIT, the "Manager" and asset manager, ESR LTD.
- The primary methodologies used by CBRE in valuing the Properties includes the Capitalization Method and Discounted Cashflow Analysis—which is based upon estimates of future financial performance and are not predictions. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses, and market conditions.
- The Valuation Reports were undertaken based upon information available and provided to us in during the valuation process. CBRE accepts no responsibility for subsequent changes in information as to income, expenses, or market conditions, between these dates and the valuation date. We have inspected the exterior and where possible, the interior of the Property. Inspection of the Property was carried out in July 2022 by a licensed real estate appraiser who belongs to the Japanese Association of Real Estate Appraisers.

No reliance may be placed upon the contents of this Letter by any party for any purpose other than in connection with the Purpose of Valuation and only with reference to the Valuation Reports.

**Property Details**

ESR Sakura Distribution Centre, the subject property is located about 1.6 km from “Sakura Interchange” on the HIGASHI KANTO EXPRESSWAY. It secures quick access to other logistics infrastructures such as Narita Airport. It is located about 23 km from central Chiba, offering good access to the center of Chiba via National Route 51, an arterial road in the city.

The subject property is a 4-story, multi-tenant logistics facility, used by multiple tenants. It is approximately 6 years old. The parking lot provides a waiting area for 15 trucks and 64 spaces for ordinary vehicles and a solar panel is installed on the roof.

The following provides a summary of the key attributes of the property.

Property	Land Area (sqm)	Gross Floor Area (sqm)	Net Rentable Area (sqm)
ESR Sakura Distribution Centre	41,658.18	85,423.83	81,507.43

Areas are approximate.

The tenure of the property is Freehold.

**Tenancy Details**

The following provides a summary of the tenancies, occupancy, and Weighted Average Lease Expiry (“WALE”) within the property.

Tenancy Details	Tenant #	Occupancy	Wale
ESR Sakura Distribution Centre	4.00	75%	2.2 years

The Security Deposit is equal to 2.7 months’ rent.

**Valuation Rationale**

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the industrial property market. We have primarily utilized the Discounted Cashflow Analysis and the Capitalizations Method in undertaking our assessment for the Property.

We have assessed the market value of the property including the income guarantee. We have also provided a assessed the market value of the property without the income guarantee

Direct Comparison Method is not used as there is sufficient market data.

According to the Japanese Real Estate Appraisal Standards (“Appraisal Standards”), “basically, the final value should be determined based on the value indicated by the income approach (adopt the DCF Method and examine the result with the Direct Capitalization Method) and reconciled with value indicated by the sales comparison approach and cost approach.” Accordingly, our valuation process follows this instruction. Please note that due to difficulty in collecting sales comparables that substantially resemble the subject property, the sales comparison approach was not applied for this valuation.

In this valuation, considerable emphasis was placed on the value indicated by the income approach as this approach most effectively reflects the economic value of the subject property, and the value indicated by the cost approach was used as a reference. In the process, the following three factors were comprehensively analyzed and considered.

- i) Investor survey
- ii) Sales comparables
- iii) Interview with market participants

## Cost Approach

Value indicated by cost approach is estimated as follows; firstly, estimating the reproduction cost of the subject property as of the date of value, and then the reproduction cost is adjusted with depreciation. The value indicated by the cost approach focuses on the cost of the subject property from a seller's viewpoint. The value is a sum of the land value and building value. The land value was estimated by the sales comparison approach based on the actual transaction data, thus the indicated value is reliable. For the estimation of the building reproduction cost, the time adjustment is made reflecting the standard required period from the acquisition of the land to construction and completion of the building.

## Direct Capitalization Method

The Direct Capitalization Method applies a capitalization rate directly to NCF generated over a single period. This method is represented by the following formula.

$$P = \frac{a}{R}$$

- P : Subject property value indicated by direct capitalization method
- a : NCF for a single period
- R : Capitalization rate

The NCF used in the Direct Capitalization Method may in some cases be the subject property's Year 1 NCF, and in other cases the standardized NCF. In this valuation, by paying attention to the current rent and other terms and conditions in the lease agreement, the NCF in Year 11 in the DCF Method is applied as the NCF in this valuation.

The standard capitalization rate estimated in the process of DCF Method is a capitalization rate for the standardized NCF. For the estimation of the capitalization rate of the subject property, the changes in cash flow from Year 1 to the stabilized year must be reflected.

In this valuation, the capitalization rate of the subject property is estimated based on the standard capitalization rate and taking into account the cash flow changes toward the stabilized NCF.

## DCF Method

The DCF Method discounts the NCF generated over several consecutive periods and the reversionary value at the end of the holding period. The NCF is discounted to present value in accordance with the timing of the NCF. The discounted NCF is then added up. This method is represented by the following formula.

$$P = \sum_{k=1}^n \frac{a_k}{(1 + Y)^k} + \frac{P_R}{(1 + Y)^n}$$

- P : Subject property value indicated by income capitalization approach
- $a_k$  : NCF for each period
- Y : Discount rate
- n : Holding period
- $P_R$  : Reversionary value

The holding period in this estimation is determined as 10 years, comprehensively considering the actual holding period plan and typical holding period that investors usually use for analysis.

In accordance with the Appraisal Standards, the NCF of the subject property was estimated by calculating net operating income (NOI) (deducting operating expenses from operating income) and then adding interest on deposit to and deducting CAPEX from the NOI.

Reversionary value refers to the value of the subject property at the end of the holding period. In this valuation, the potential sales price at the end of the holding period is determined first, and then the required sales expenses are deducted from that price.

The discount rate is estimated taking into account the characteristics and feasibility of estimated cash flow, with particular notice given to the uncertainty not reflected in the estimated cash flow. In this estimation, the relation between the standard capitalization rate and the surveys used during the process was regarded as an important reference.

The terminal capitalization rate was estimated based on the standard capitalization rate and by taking into account attributes of the building such as remaining economic life and future uncertainty.

The adopted capitalization rate, discount rate and terminal capitalization rate are as follows:

Property	Capitalisation Rate	Discount Rate	Terminal Capitalisation Rate
ESR Sakura Distribution Centre	4.30	4.10	4.40

### Valuation Method Weighting

The following table indicated the individual property value based on the Capitalization Method and the Discounted Cashflow Analysis.

Valuation Methods	Capitalisation Method	Discounted Cashflow Analysis	Adopted Value
ESR Sakura Distribution Centre	JPY18.0 billion	JPY18.0 billion	JPY18.0 billion

The DCF method clearly specifies each year's NCF and the reversionary value, as well as the time they are generated. Accordingly, it is a persuasive method for the estimation of the value indicated by the income capitalization approach.

The direct capitalization method applies a capitalization rate to the NCF generated over a single period. It reflects long-term stable profitability based on stabilized rental income.

Taking into account the more accurate NCF changes in the DCF method, the value indicated by the income capitalization approach was concluded placing weight on the DCF method.

### Assessment of Value – with Rental Support

We are of the opinion that the Market Value of the freehold interest in the Property, subject to the existing tenancies and occupational arrangements, is as follows:

ESR Sakura Distribution Centre as of 30 June 2022 is JPY 18,000,000,000. (Eighteen Billion Japanese Yen)

**This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned. This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned.**

The terms of the Rental Support stipulated in the draft of TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT provided by the client on 12<sup>th</sup> July 2022 are as follows:

Rental Support. On the Closing Date, the REIT TMK shall place the Rental Support (JPY236,500,000).

(a) For a twelve-month period commencing on [Closing Date], the REIT TMK shall be entitled to receive from the Rental Support an amount calculated using the following formula:

$$A = [B/12] - C$$

Where:

A is the amount payable to the REIT TMK for the relevant month

B is the total amount of the Rental Support

C is the actual rental income received from the lease of Unit C in the relevant month.

(b) After the twelve-month period, the balance of the Rental Support shall be released to Seller.

The rental, taking into account rental support, is at market level.

**Assessment of Value – without Rental Support**

Using the same methodology as the above stated valuation we have assessed the market value of the property without Rental Support and we have concluded the Value of SR Sakura Distribution Centre without Rental Support as of 30 June 2022 is JPY 17,800,000,000. (Seventeen Billion Eight Hundred Million Japanese Yen)



**Key Risks, Assumptions, Disclaimers, Limitations, and Qualifications**

CBRE have prepared this Letter which appears in the Circular and, to the extent permitted by law, specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in this Prospectus, other than in respect of the information provided within the aforementioned Reports and this Letter. CBRE does not make any warranty or representation as to the accuracy of the information in any other part of this Prospectus other than as expressly made or given by CBRE in this Letter.

CBRE has relied upon property data supplied by the "Manager" which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. CBRE and the respective appraisers involved in each assignment have no present or prospective interest in the Property and have no personal interest or bias with respect to the party(ies) involved.

The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorized to practice as appraisers and have at least 5 years of experience in valuing real estate properties in a similar industry and area as the real property in which the valuation is conducted.

None of the information in this Letter or our Valuation Reports constitutes advice as to the merits of entering into any form of transaction. Furthermore, none of the information in this Letter or our Valuation Reports constitutes financial product advice.

Neither this letter, nor the Valuation Reports purport to contain all the information that any interested party may require. They do not consider individual circumstances, financial situation, investment objectives or requirements. They are intended to be used as guide only and do not constitute advice including without any limitation, investment, tax, legal or any other type of advice. The valuations stated are only best estimates and are not to be construed as a guarantee. The material contained in these valuations should not be relied upon as a statement or representation of fact without confirmation or satisfaction as to its correctness by independent investigation and review of the Valuation Reports to understand the assumptions and methodologies stated in the valuations.

This Letter and the Valuation Reports are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in this circular. To the extent permitted by law (including the Securities and Futures Act, Chapter 289 of Singapore), CBRE specifically disclaims any liability in respect of the use of or reliance on this Letter to any person in the event of any omission or false or misleading statement other than to the Addressees. CBRE does not give any warranty or representation as to the accuracy of the information in any other part of this Letter.

Yours sincerely  
CBRE Limited



Danny Mohr, AAPI, MSISV, FRICS, RICS Registered Valuer  
Head of International Valuation, Asia Pacific

Encl.: Appendix 1 – Valuation Certificates

# Appendix 1

## VALUATION CERTIFICATE

<b>Property:</b>	ESR Sakura Distribution Centre 2464-11, Ota, Sakura-city, Chiba
<b>Instructing Party</b>	RBC Investor Services Trust Singapore Limited as Trustee of ESR-LOGOS REIT (the "Trustee")
<b>Purpose:</b>	Potential acquisition and public circular purpose only
<b>Tenure:</b>	Freehold
<b>Interest Valued:</b>	100% Interest for both the Land and the Building
<b>Basis of Valuation:</b>	Market Value subject to existing tenancies and occupational arrangements
<b>Land Registered Owner:</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Bldg. Registered Owner:</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Land Area:</b>	41,658.2 sqm
<b>Zoning/Town Planning:</b>	City Planning Area, Urbanization Area, Exclusive Industrial District, Area SCR: 60%, Subject SCR: 60%, Area FAR:200%, Subject FAR:200%
<b>Brief Description</b>	ESR Sakura Distribution Centre, the subject property is located about 1.6 km from "Sakura Interchange" on the HIGASHI KANTO EXPRESSWAY. It secures quick access to other logistics infrastructures such as Narita Airport. It is located about 23 km from central Chiba, offering good access to the center of Chiba via National Route 51, an arterial road in the city.  The subject property is a 4-story, multi-tenant logistics facility, used by multiple tenants. It is approximately 6 years old. The parking lot provides a waiting area for 15 trucks and 64 spaces for ordinary vehicles and a solar panel is installed on the roof.
<b>Tenancy Profile:</b>	The Property has total NLA of approx. 81,507.43sqm in 74.9% leased. There are currently leased to 4 tenants. Average gross effective passing rent per floor falls within range of JPY2,750 – JPY6,500/sqm per month (inclusive of service charge). The lease terms are between 5.0 and 10.2 years depending on the individual lease. The weighted average lease expiry of subject property is 2.2 years by area.
<b>Master Lease/ Rental Support:</b>	There is a rental support relating to this property, which is considered to be at market level. We have provided a market value both with and without this rental support..
<b>Gross Floor Area (GFA):</b>	85,423.8 sqm
<b>Net Rentable Area (NRA):</b>	81,507.4 sqm
<b>Valuation Approaches:</b>	Capitalization Method, Discounted Cashflow Analysis
<b>Methods Weighting</b>	Nil/100%
<b>Capitalization Rate:</b>	4.30%
<b>Terminal Capitalization</b>	4.40%
<b>Discount Rate:</b>	4.10%
<b>Date of Inspection:</b>	11-July-2022
<b>Date of Report:</b>	01-August-2022
<b>Date of Valuation:</b>	30-June-2022
<b>Assessed Value - with Rental Support:</b>	<b>JPY 18,000,000,000</b> <span style="float:right">Exclusive of Consumption Tax</span> <b>(Eighteen Billion Japanese Yen )</b>
<b>Value - without Rental Support:</b>	<b>JPY 17,800,000,000</b> <span style="float:right">Exclusive of Consumption Tax</span> <b>(Seventeen Billion Eight Hundred Million Japanese Yen )</b>

**This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned. This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned.**

**The terms of the Rental Support stipulated in the draft of TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT provided by the client on 12th July 2022 are as follows:**

**Rental Support.** On the Closing Date, the REIT TMK shall place the Rental Support (JPY236,500,000).

**(a) For a twelve-month period commencing on [Closing Date], the REIT TMK shall be entitled to receive from the Rental Support an amount calculated using the following formula:**

$$A = [B/12] - C$$

**Where:**

**A is the amount payable to the REIT TMK for the relevant month**

**B is the total amount of the Rental Support**

**C is the actual rental income received from the lease of Unit C in the relevant month.**

**(b) After the twelve-month period, the balance of the Rental Support shall be released to Seller.**

**The rental, taking into account rental support, is at market level.**

<b>Capital Value Rate:</b>	Equivalent to JPY210,714/sqm GFA, JPY 220,839/sqm NLA, JPY19,576/sqf GFA or JPY 20,517/sqf NLA
<b>Initial Yield:</b>	4.2% (NCF) - with Rental Support

**Assumptions, Disclaimers, Limitations & Qualifications** *All data provided in this Certificate is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation. This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section of this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.*

*This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned. This valuation is based on assumption that the Rental Support stipulated in the TRUST BENEFICIARY INTEREST SALE AND PURCHASE AGREEMENT will be efficient as planned.*

**Prepared By: CBRE Limited**

**Per** Danny Mohr - Executive Director  
AAPI, MSISV, FRICS, RICS Registered Valuer  
Head of International Valuation, Asia Pacific

**Valuation & Advisory Services**

Asia Square, Tower 2, #19-02  
12 Marina View  
Singapore 018961

1 August, 2022

ESR-LOGOS Funds Management (S) Limited (Instructing party)  
RBC Investor Services Trust Singapore Limited as trustee of ESR-LOGOS REIT (Reliant party)  
Perpetual (Asia) Limited (Reliant party)

Dear Sirs,

**Re: ESR Sakura Distribution Centre, 2464-11 and others, Ota, Sakura-shi, Chiba-ken, Japan (the "Property")**

**Property Information**

Property	5-storey logistics property built on 30 November 2015
Tenure	Fee simple
Land area	41,658.18sq m
Gross floor area	83,056.18sq m
Net lettable area	81,507.43sq m
Occupancy	75.0%
W A L E (Area)	2 Years 2 Months
W A L E (Rent)	2 Years 9 Months

We refer to instructions by the instructing party to carry out a valuation in respect of the abovementioned Property for the purpose of assessing the market value for Acquisition purpose, with summary valuation reports/certificates to be included in a circular to be issued by ESR-LOGOS Funds Management (S) Limited to unitholders of ESR-LOGOS REIT in connection with the acquisition. Our instructions are to provide our opinion of the Market Value of Property as at 30 June 2022. The basis of the valuation is stated in the valuation certificate appended. The comprehensive valuation report has been prepared and that it is to be vested with the issuer.

We confirm that we have prepared a formal valuation report in accordance with the requirements of the instructions.

The valuation has been carried out in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards and Guidelines, incorporating International Valuation Standards (IVS).

Our valuation is on the basis of Market Value which is intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

This definition of value is consistent with the international definition of Market Value as advocated by RICS, IVS, and the Japanese Real Estate Valuation Standards.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the property is free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

This letter and the valuation summary do not contain all the necessary data and information included in arriving at our valuation opinion.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:



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- The estimated value is based upon the factual information provided. Property data/information provided is assumed to be correct. Whilst Colliers International has endeavored to ensure the accuracy of the information, it has not independently verified all information provided.
- The valuation and report was undertaken based upon information available as at the date of valuation. Colliers International accepts no responsibility for subsequent changes in information as to proposed scheme, areas, income, expenses or market conditions.
- The methodologies adopted in valuing the property are based upon estimates of future results and are not predictions. Each methodology is based on a set of assumptions as to income and expenses of the property and future economic conditions in the local market.

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analysis, opinion and conclusion.

We also confirm that we do not have a pecuniary interest that would conflict with a proper valuation of the property and the valuers undertaking the valuation are authorized to practice as valuers.

Normally, in undertaking a market valuation, the valuer would assess the property to be valued assuming its highest and best use and competent and efficient management. The typical methods employed by valuers of commercial assets are the income approach (Discount Cash Flow method and Direct Capitalization method), cost approach and sale comparable approach. In providing our opinion for the subject property, we have adopted the income approach and the cost approach.

**Discounted Cash Flow method**

We have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the Property is sold at the commencement of the eleventh year of the cash flow. This form of analysis allows an investor to make an assessment of the long term return that is likely to be derived from a property with a combination of both net income/rental and capital growth over an assumed investment horizon in undertaking this analysis, a wide range of assumptions are made including a target discount rate, rental growth, sale price of the property at the end of the investment horizon as well as costs associated with its disposal at the end of the investment period.

**Direct Capitalization method**

we have also utilized the Capitalization Approach by estimating sustainable revenue of a property, adjusting to reflect anticipated operating expenses or outgoings, deriving a net income which is then capitalized at appropriate capitalization rate.

**Cost Approach**

In the cost approach, we indicate the value of an asset by the cost to create or replace the asset with another similar one, on the premise that a purchaser would not pay more for an asset than the cost to obtain one of equal usefulness.

The income approach using the DCF technique is the method normally employed by Colliers and is believed to be the one best able to reflect the process used by an investor when assessing a price to bid for a particular dynamic income generating property such as the subject property.

**Rental Support and Rental**

According to the draft of Sale and Purchase Agreement, the purchaser shall be entitled to receive from the Rental Support up to an amount of JPY 236,500,000 which is calculated based on JPY3,200/tsb/mth for unit C for 12 months. We judged that the rental support was in line with market.

Colliers International Singapore

MAIN 65 6531 8566  
EMAIL govinda.singh@colliers.com



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The rental, taking into account the rental support, is at market level.

In our opinion, the market value of the Property as at the valuation date is:

**With Rental Support**  
**JPY18,030,000,000-**  
**(EIGHTEEN BILLION THIRTY MILLION JAPANESE YEN)**

**Without Rental Support**  
**JPY17,730,000,000**  
**(SEVENTEEN BILLION SEVEN HUNDRED AND THIRTY MILLION JAPANESE YEN)**

Our Valuation Certificate is appended.

Yours faithfully,

For and on behalf of

A handwritten signature in black ink, appearing to read "Govinda Singh".

---

Govinda Singh  
FCCA FCMA MRICS  
Executive Director  
Valuation and Advisory Services – Asia  
Colliers International Singapore

A handwritten signature in black ink, appearing to read "Kumiko Nakakubo".

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Kumiko Nakakubo  
LREA MRICS  
Associate Director  
Valuation and Advisory Services  
Colliers International Japan KK

**Valuation & Advisory Services**Asia Square, Tower 2, #19-02  
12 Marina View  
Singapore 018961**VALUATION CERTIFICATE**

<b>Property</b>	:	ESR Sakura Distribution Centre 2464-11 and others, Ota Aza Hiradai, Sakura-shi, Chiba-ken
<b>Client</b>	:	ESR-LOGOS Funds Management (S) Limited
<b>Purpose</b>	:	For Acquisition purpose, with summary valuation reports/certificates to be included in a circular to be issued by ESR-LOGOS Funds Management (S) Limited to unitholders of ESR-LOGOS REIT in connection with the acquisition.
<b>Brief Description</b>	:	ESR Sakura Distribution Centre is a 5-storey logistics property built on 30 November 2015. The building specification is up to date and covers necessary functions for prospective tenants. As at 30 June 2022, the subject property is leased to four tenants.
<b>Registered Owner</b>	:	Mitsubishi UFJ Trust and Banking Corporation (Trustee) RW Sakura TMK (Beneficiary)
<b>Zoning</b>	:	City Planning Area, Urbanization promotion Area Exclusive Industrial Area
<b>Interest Valued</b>	:	Freehold land and building
<b>Land area</b>	:	Ownership of 39,452 sqm for building site (Registered) Co-ownership share 6,944/10,000 of 2,822 sq m for Road portion (Registered) Co-ownership share 1/3 of 718 sq m for Wastewater facility portion (Registered) Surveyed Area based on the certificate of inspection is 41,658.18 sq m.
<b>Gross Floor Area</b>	:	83,056.18 sq m (894,016.72 sq ft)
<b>Net Lettable Area</b>	:	81,507.43 sq m (877,345.98 sq ft) (Warehouse:80,049.49sq m, Office:1,457.94sq m)
<b>Condition and tenancy</b>	:	The occupancy rate as at 30 June 2022 is 75.0% and the gross passing rent is JPY57,246,830 per month. The typical lease period is 5 years. The WALE of area is 2.2years and WALE of income is 2.9years. The rental, taking into account the rental support, is at market level.
<b>Rental Support</b>	:	According to the draft of Sale and Purchase Agreement, the purchaser shall be entitled to receive from the Rental Support up to an amount of JPY 236,500,000 which is calculated based on JPY3,200/tsb/mth for unit C for 12 months. We judged that the rental support was in line with market.
<b>Basis of Valuation</b>	:	Market Value on 'As-Is' Basis.
<b>Valuation Approach</b>	:	Income approach (Discount Cash Flow method and Direct Capitalization method) and Cost approach
<b>Capitalization Rate</b>	:	4.2%
<b>Discount Rate</b>	:	4.0%
<b>Terminal Cap Rate</b>	:	4.3%
<b>Date of Valuation</b>	:	30 June 2022
<b>Valuation</b>	:	<b>Market Value:</b>
		<b>With Rental Support</b> <b>JPY18,030,000,000</b> <b>(EIGHTEEN BILLION THIRTY MILLION JAPANESE YEN)</b>
<b>Rate on Net Lettable Area</b>	:	Approximately JPY221,000 per sq m, JPY20,600 per sq ft
<b>Rate on Gross Floor Area</b>	:	Approximately JPY217,000 per sq m, JPY20,200 per sq ft
		<b>Without Rental Support</b> <b>JPY17,730,000,000</b> <b>(SEVENTEEN BILLION SEVEN HUNDRED AND THIRTY MILLION JAPANESE YEN)</b>
<b>Rate on Net Lettable Area</b>	:	Approximately JPY218,000 per sq m, JPY20,200 per sq ft
<b>Rate on Gross Floor Area</b>	:	Approximately JPY213,000 per sq m, JPY19,800 per sq ft
<b>Assumptions, Disclaimers, Limitations &amp; Qualifications</b>	:	In respect of the property sector, as at the valuation dates on 30 June 2022 we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our





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valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. We recommend that you keep the valuation of the property under frequent review.

This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within the formal report and our engagement letter. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this opinion. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

For the purpose of the valuation, we have relied upon various sources of information provided which included historical operating performance accounts from January 2018 to April 2022. Unless stated otherwise, we have assumed that the information provided is accurate and that we have been supplied with all the information that has a material effect upon the value of the property.

Furthermore, we have assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

**Prepared By**

- : This valuation has been prepared by Govinda Singh and Kumiko Nakakubo.  
This valuation has been led by Govinda Singh who is a Member of the Royal Institution of Chartered Surveyors, and a Registered Valuer. He is suitably qualified to carry out the valuation and has over 15 years' experience in the valuation of properties of this magnitude and nature, globally.  
He is also a qualified, chartered certified accountant and a Fellow of both the Association of Chartered Certified Accountants (ACCA) and Chartered Institute of Management Accountants (CIMA).  
This valuation has been prepared by Kumiko Nakakubo who is a Member of the Royal Institution of Chartered Surveyors, and a Registered Valuer. She is suitably qualified to carry out the valuation and has over 8 years' experience in the valuation of properties of this magnitude and nature, globally. She is also a member of Japan Association of Real Estate Appraisers.  
They nor Colliers International have no pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property.  
We confirm our independence as a valuer and confirm that the fee for this valuation is less than 5% of our total business income.

**Contact Details:**

Tel: 65 6531 8566

**Colliers International Singapore  
Valuation & Advisory Services  
Company License No: C-006052**

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**INDEPENDENT MARKET RESEARCH REPORT**

# Japan Industrial Market Research



Prepared for ESR-LOGOS Funds Management (S) Limited

31 May 2022

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## Terminology

- Measurement: 1 tsubo is equivalent to 3.3058 sq m
- Currency Exchange Rate: USD1 = JPY128.60 (as of May 31, 2022)  
: SGD1 = JPY94.25 (as of May 31, 2022)
- Rent in this report is based on month, tsubo and CAM charges inclusive.
- This report focuses on modern logistics facility. The modern logistics facility refers the properties indicated in the table below;

	Greater Tokyo
Floor Area	50,000 sq m or larger
Completion	Year 2000 or later
Property Type	Leasing Facilities

- For the details and features of modern logistics facility, please see “3. Industrial Market Overview” on page 16 in this report.
- Unless otherwise specified, the statistics within this report refers to modern logistics facilities.

# 1. Macro Economy in Japan

## 1-1. Demographics

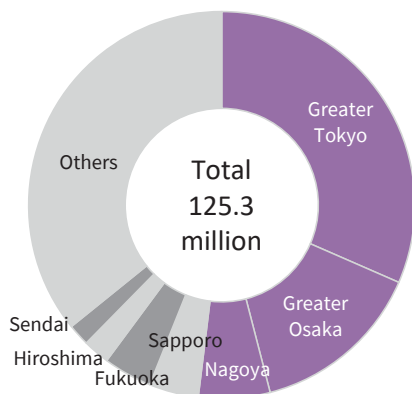
### 1-1-1. Demographics

The population in Japan has been on a gradual decline after peaking in 2008. However, with the total population of circa 125.3 million as of March 2022, Japan remains as the eleventh largest country across the globe.

The inhabitable lands such as lowlands and plains cover approximately 27% of the country’s land and inhabitants are mostly concentrated in the urban areas. As a result, almost half the population in the nation settles in the Greater Tokyo, the Greater Osaka and the Greater Nagoya regions. High population density is observed in these regions, especially in Tokyo and Osaka.

Among all, the Greater Tokyo region has been experiencing overconcentration. The population accounts for 30% of Japan’s total population, while the Tokyo Prefecture accounts for approximately 11% of the nation’s total population. In 2020, the pace of net population increase slightly slowed in Tokyo for the first time in six years since 2014. This was caused by COVID-19, which has encouraged a shift to “work-from-home” and some moved out from Tokyo to suburbs or other prefectures. However, major cities are still seeing a large concentration of population.

### Population by Area

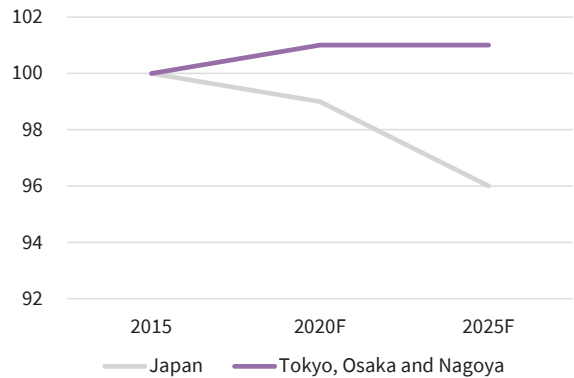


Source: Statistics Bureau of Japan

The data is based on the population of;

- Greater Tokyo: Prefectures of Tokyo, Kanagawa, Saitama, Chiba and Ibaraki
- Greater Osaka: Prefectures of Osaka, Hyogo, Kyoto and Nara
- Other cities: Prefectures, which the city belongs

### Population Growth



Source: National Institute of Population and Social Security Research, 2018

## 1-2. Economic Growth

### 1-2-1. GDP and CPI

The Japanese economy displayed resilience in 2021, registering an annual growth of 1.6% in real GDP terms from the previous year. The increase in 2021 was the first increase in three years, following the contraction of 0.2% year on year (y-o-y) in 2019 and 4.5% y-o-y in 2020, respectively. The decline in the past two years was caused by the China - United States trade war, the consumption tax raise in 2019 and the pandemic in

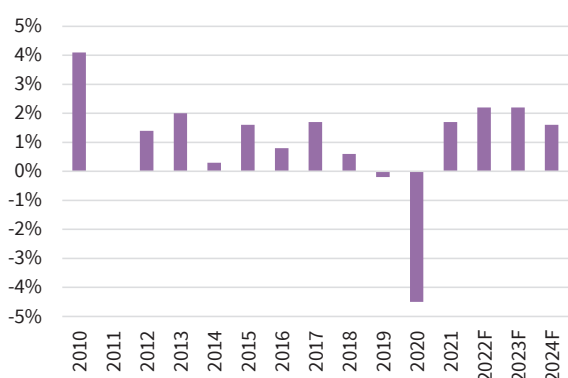


2020. The economic activities in 2021 remained subdued during the period of a state of emergency but gradually resumed after lifting of the COVID-19 restrictions on September 30, 2021, gaining momentum towards the end of the year. The annual growth was mainly supported by the increase in corporate investment, attributed to the strengthening western economy, and also the increase in private consumption in the final three months of the year. The expansion of E-commerce during the COVID-19 pandemic also partly made up for the loss in physical retail sales. Despite the progressed vaccination, the rapid spread of a new Omicron variant in early January 2022 coupled with the Russian invasion of Ukraine have casted a shadow on the nation’s economic growth, likely pulling down the GDP in the first half of 2022. According to the Oxford Economics prediction, the economy is to expand by 2.2% both in 2022 and 2023. The 2022 GDP expansion was downgraded from the previous forecast due to weaker growth in 1Q2022.

The inflation rate in Japan stayed positive albeit at a marginal pace until 2019, while weaker domestic consumption due to the pandemic dragged down the CPI to below 0% in 2020 and 2021. Cellphone fees, which is a component in CPI, plunged and contributed to the overall annual decline of CPI in 2021. This plunge was due to the Government’s push for cellphone companies to lower the cellphone fees in Japan as fees were higher than the global standard. This is in stark contrast to the global economy, which has been facing high inflation. Additionally, the supply chain disruption and a shortage of shipping containers have been increasing transport costs in Japan. A sharp energy cost hike, accelerated by the Russian invasion of Ukraine, has forced many domestic corporates to increase their product prices. In addition, as the Federal Reserve in the US announced the interest rate raise in 2022, the market has shifted to Yen depreciation, leading to cost increases, especially on food products. All these factors result in an upward pressure on consumption prices.

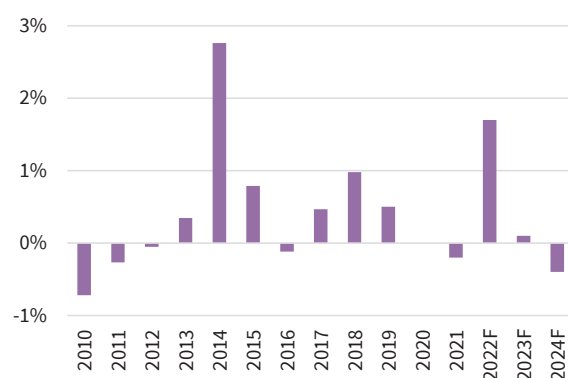
The Bank of Japan announced quantitative and qualitative monetary easing in 2013 to achieve a 2% inflation rate. Achieving the 2% goal has been considered to be unrealistic until the recent price hike which has increased the possibility of achieving this goal.

### Real GDP Growth



Source: Oxford Economics

### CPI

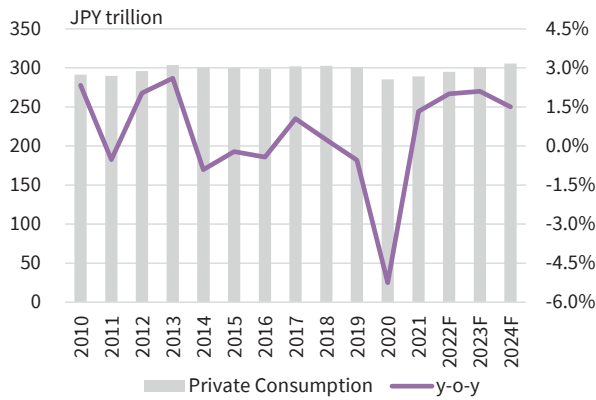


Source: Oxford Economics

Private consumption, which makes up more than 50% of the nation’s GDP, increased by 1.3% y-o-y in 2021 mainly due to the upsurge in 4Q2021. Personal spendings rebounded after the lift of COVID-19 restrictions, pushing up the annual values. 2021 experienced an increase from the 5.2% decline in 2020 caused by COVID-19. Although concerns remain due to the unpredictable impact of the Ukraine conflict on the economy, private consumption is expected to moderately increase going forward.

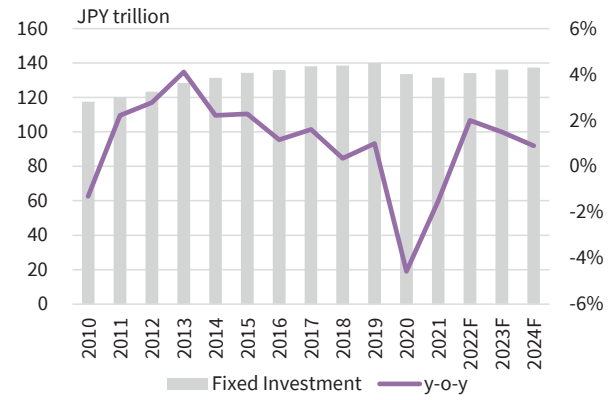
Fixed investment also remained steady in the past years, backed by the revenue increase in the private side and the public side, despite a decline in 2020 and 2021 due to the pandemic. Fixed investments are expected to increase from 2022 onwards, along with the economic improvement, both domestically and globally.

### GDP – Private Consumption



Source: Oxford Economics

### GDP – Fixed Investment

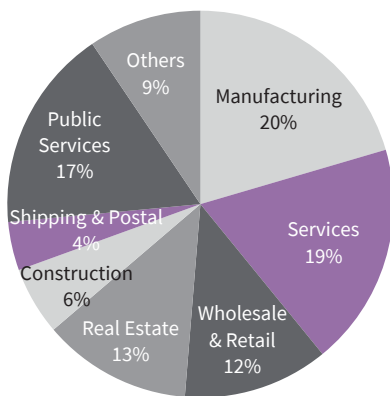


Source: Oxford Economics

The manufacturing industry plays a key role for the Japanese economy, taking up approximately 20% share in GDP. Among all, the automotive industry leads the sector.

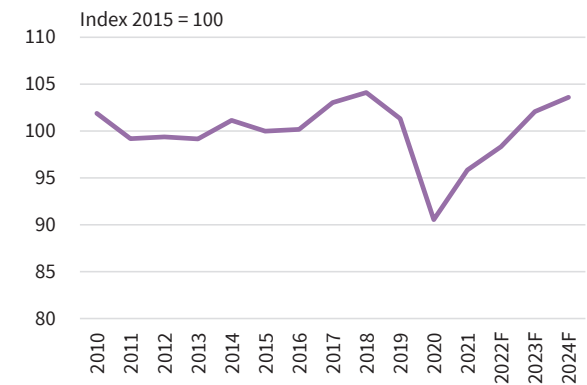
Industrial activities were weakened by the China – US trade war in 2019 and the COVID-19 pandemic further increased the impact. As a result, the Industrial Production Index sharply plummeted in 2020. The index improved in 2021 as the western economies recovered and drove external demand, though it remained lower as compared to pre-COVID-19 levels. Going forward, further revitalization of the production activities is expected in 2022, although issues such as the shortage of semi-conductor chips across the globe and the conflict in Ukraine remain as a concern for a while.

### GDP – Industrial Breakdown



Source: Cabinet Office

### Industrial Production Index



Source: Oxford Economics

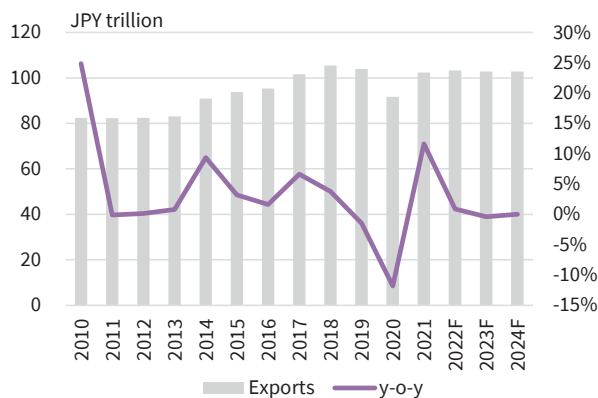
## 1-2-2. Exports and Imports

The value of exports and imports are important indicators to track the scale of external and internal demand. The value of exports and imports equals to around 19% of Japan’s GDP each.

Imports often fluctuate according to the value of crude oil and natural gas, while exports primarily rely on global economic trends.

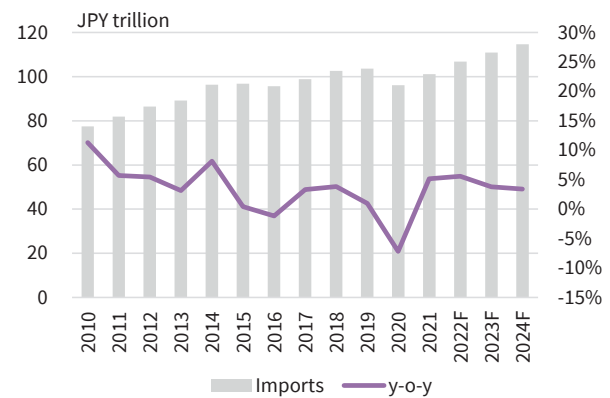
Following a large dip in 2020, both the volumes of exports and imports rebounded in 2021, alongside the global economic recovery. Higher energy costs and the weakening Japanese Yen is likely to increase the import value further in 2022.

### Exports



Source: Oxford Economics

### Imports



Source: Oxford Economics

## 1-3. Job and Financial Market

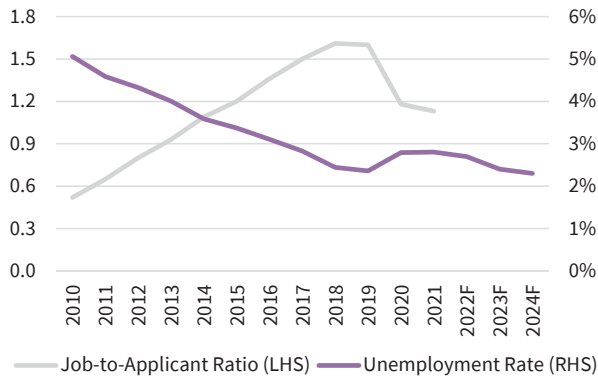
### 1-3-1. Job Market

The job market had been tight and the unemployment rate had remained below 3% until 2019, after once hitting 5% in 2009 right after the global financial crisis. The service sector especially benefited from the increase in foreign visitors for the past few years. However, the COVID-19 pandemic, which hit the nation in early-2020 has severely impacted the market. After registering 3.1% in October 2020, the unemployment rate declined and stayed below 3% in 2021, while it remained higher compared to pre-COVID-19 levels.

After the first declaration of a state of emergency, the ratio of job offers against job seekers also sharply fell close to 1 in the summer of 2020, remaining at the same level over the year. This has indicated that many corporates, especially in the service sector, reduced the number of job offerings. However, the ratio has gradually improved since the latter half of 2021, due to the recovery mainly in the manufacturing industry.

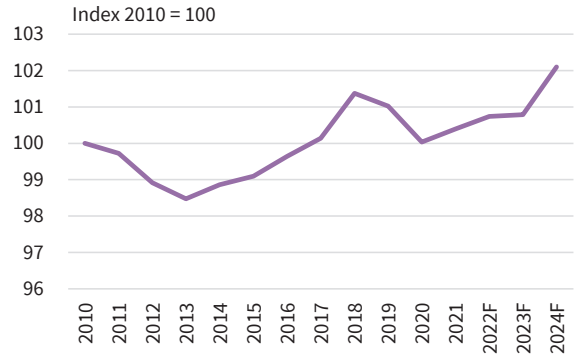
In response to the low unemployment rate with a high jobs-to-applicants ratio, the averaged wage has gradually increased until 2019. Although wage decreased in the wake of COVID-19, it has since turned around in 2021, and is estimated to edge up going forward, along with improvements in corporate earnings.

## Job Market



Source: Ministry of Health, Labour and Welfare, Oxford Economics

## Wage Indices



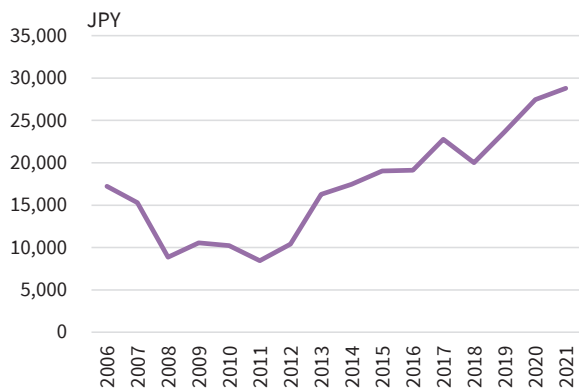
Source: Oxford Economics

## 1-3-2. Financial Market

The stock market had been buoyant over the years, along with the improving business performance of domestic corporates. However, it turned extremely volatile after the outbreak of COVID-19. During the COVID-19 pandemic situation, the Nikkei 225 fell below JPY20,000 in March 2020, while it reached close to JPY30,000 in early 2021, staying strong towards the end of the year. The market however deteriorated again in early 2022 due to several factors such as the new Omicron variant, the Ukraine conflict and the planned interest rate hike in the US, hence, it is likely to remain volatile for the foreseeable future.

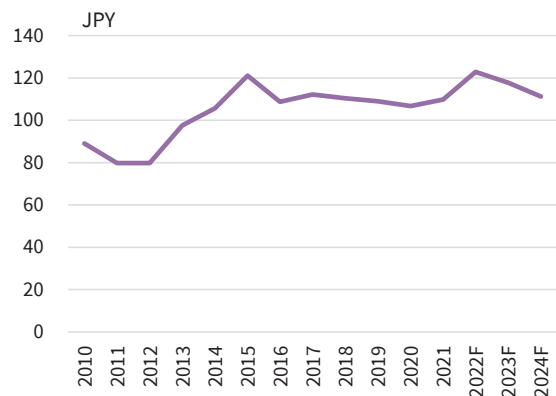
The Japanese Yen has been ranging mostly at the 109-110 level versus the US dollar in the past few years, however it started weakening in the final quarter of 2021. In particular, the yen depreciated sharply, once hitting JPY130 in April 2022. The widening yield premium between the US Treasury Bond and the Japanese Government Bond attracted traders, encouraging them to sell the yen against the US dollar in the market. The yen appreciation has been considered to be unfavorable for export-oriented industries such as the automotive. Furthermore, excessive currency volatility will result in headwinds for the nation's economic growth.

## Nikkei 225



Source: Nikkei

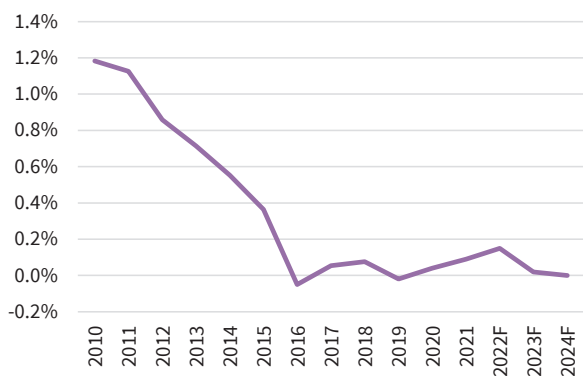
## Exchange Rate (USD/JPY)



Source: Oxford Economics

It has been almost six years since the Bank of Japan (BOJ) adopted a negative interest rate policy in January 2016, following the introduction of quantitative and qualitative monetary easing in 2013. The long-term bond yield remained low at around 0%, while it has since risen slightly recently, along with the upward trend in interest rates in the United States. The BOJ announced that it will maintain its current monetary policy despite increasing inflationary pressure, as it is perceived as temporary.

### 10-Year Government Bond Yield



Source: Oxford Economics

Overall, the Japanese economy is expected to recover once the pandemic settles down, however uncertainty remains due to the unpredictable impacts of Russia’s invasion of Ukraine and the possibility of a new COVID-19 variant.

## 2. Industrial Market Environment

### 2-1. Industrial Market Macro Indicators

#### 2-1-1. Retail Sales

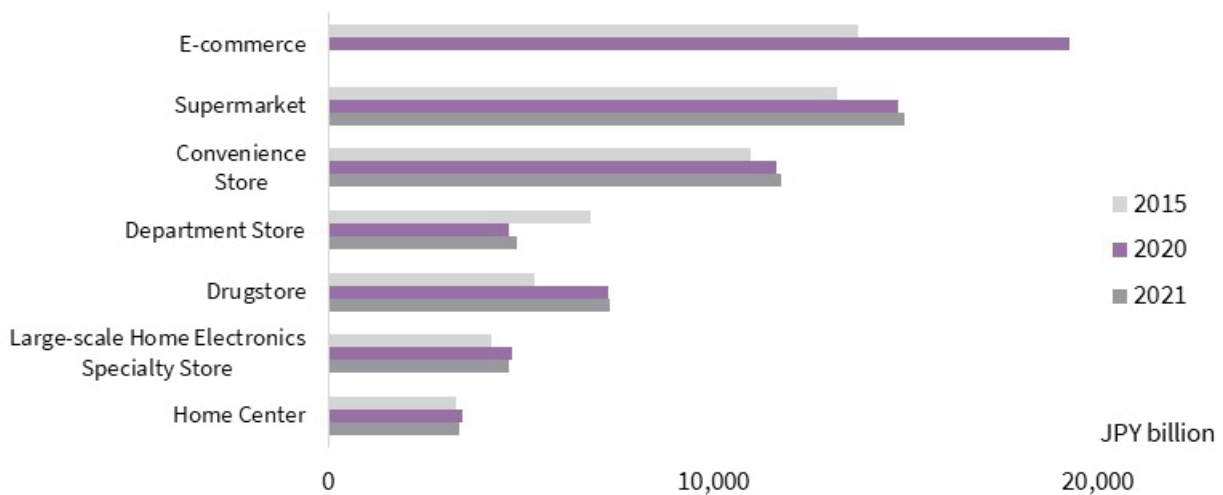
Total retail sales had been on a gradual increase across the nation until 2019. The increase in foreign visitors in particular, contributed to drugstore sales. However, retail sales were severely impacted by the COVID-19 pandemic in 2020, registering a 3.2% dip y-o-y, while it rebounded with a 1.9% growth y-o-y to JPY150.5 trillion in 2021, attributed to the private consumption increase in the final quarter. Although the decline in 2020 appeared significant in department stores and convenience stores, both showed a recovery in 2021, though they failed to reach the pre-COVID-19 sales level.

#### Retail Sales



Source: Ministry of Economy, Trade and Industry

#### Retail Sales by Type



Source: Ministry of Economy, Trade and Industry

Retail sales growth has been significant in the E-commerce sector. Many retailers have outsourced their logistics to third parties to focus on their main businesses, resulting in third-party logistics (3PL) providers benefitting. In particular, the E-commerce retailers are strong contributors for 3PL providers.

### 2-1-2. E-commerce Market

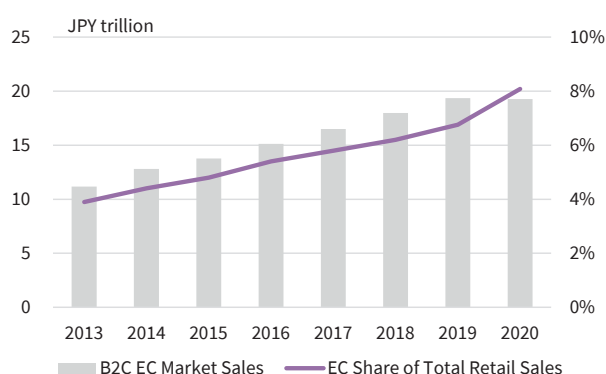
E-commerce (EC) is one of the largest drivers in the logistics market. As the market area of EC retailers is prevalent across the nation, they have to set up distribution centres which cover widely and store many stocks for faster deliveries. Therefore, it is no exaggeration to say that the logistics demand increases, especially for the large-scale modern logistics facilities, along with the EC market growth.

The EC market has been expanding in Japan albeit at a slower pace compared to the other countries. The latest EC share of total retail sales increased to 8.08% in 2020 from 6.76% in 2019, though the total Business to Consumer (B2C) EC retail sales slightly fell due to the decline in online travel services. The EC share expansion in 2020 was largely supported by partial shifts to online shopping from in-store shopping.

One of the reasons for slower expansion of EC in Japan might be the sheer number of existing retail stores such as convenience stores, supermarkets and drug stores, particularly in urban areas. The existing retail networks provide satisfactory services to customers, hence, there are limited incentives for customers to resort to EC. In particular, convenience stores are highly efficient and are found almost everywhere across the nation with 56,000 stores in total. Nonetheless, traditional retail outlets have likely reached saturation point in stark contrast to the EC market, which has enough room for growth due to increased consumer convenience.

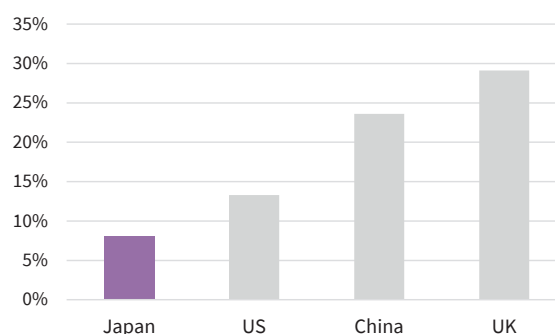
COVID-19 restrictions have further accelerated digital transformation among corporates and more retailers have started strengthening their EC strategies. Consequently, although the current EC share remains low in Japan, the market penetration of EC is expected to be boosted going forward. In addition, the current main customers of EC are millennials or Generation Z, which are more likely to use EC channels. The EC share is estimated to also increase over time with the older generation starting to adopt EC channels.

#### B2C (business-to-consumer) EC Market



Source: Ministry of Economy, Trade and Industry

#### EC Share of Total Retail Sales



Source: Ministry of Economy, Trade and Industry



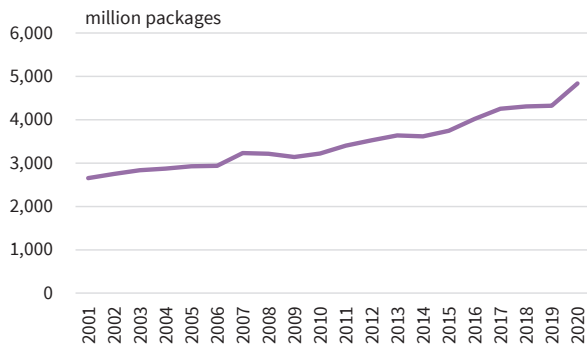
The 3PL market has been also expanding, underpinned by the increasing numbers of 3PL users in the retail industry. Many retailers are increasingly focusing on their core business and are trying to reduce costs. Consequently, more retailers are outsourcing shipments to 3PL providers. This trend is expected to continue, leading a further growth of the 3PL market.

### 2-1-3. Truck Transportation

The demand for package delivery services has sharply expanded, with the number of packages increasing by approximately 40% in the past 10 years.

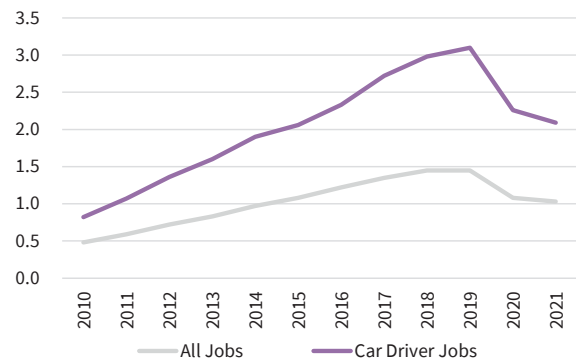
Rapid and significant growth of the EC market has increased the need for truck drivers. This has resulted in a severe shortage of drivers, leading an increase in truck freight rates. However, truck freight rates fell in 2020, as the demand for truck freight in Business to Business (B2B) transports shrank due to COVID-19. In 2021, we saw a slight pick up in freight rates driven by the economic recovery.

#### Package Delivery



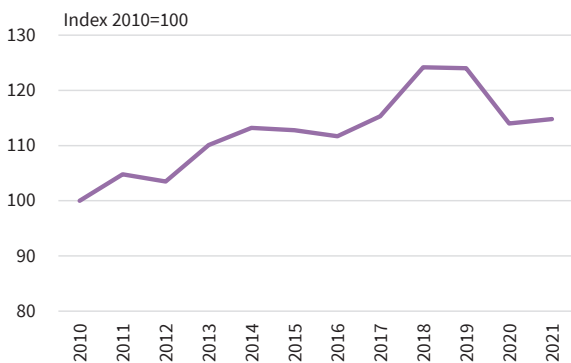
Source: Ministry of Economy, Trade and Industry

#### Jobs-to-Applicants Ratio



Source: Ministry of Health, Labor and Welfare

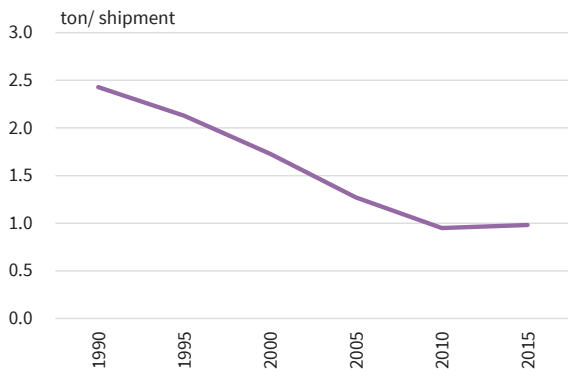
#### WebKIT Freight Rate Index (truck freight)



Source: Japan Trucking Association

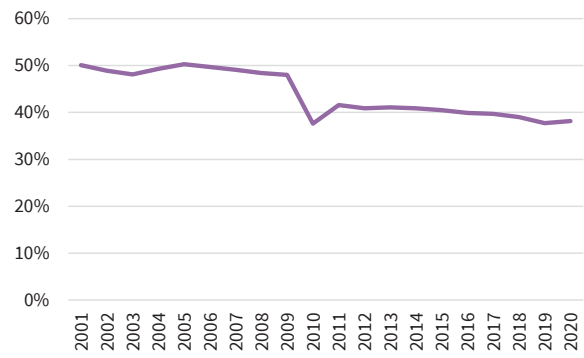
Demand for frequent deliveries and small lot shipments have been rising, driven by increasing customer demand. This has resulted in a fall in loading efficiency of trucks, with many trucks being dispatched for goods delivery despite being filled with low capacity. In order to increase the efficiency and centralize their business, many freight delivery servicers have chosen large-scale logistics facilities rather than smaller facilities in multiple locations. This has boosted the demand for large-scale logistic facilities.

### Freight Volume per Shipment



Source: Ministry of Economy, Trade and Industry

### Loading Efficiency of Trucks

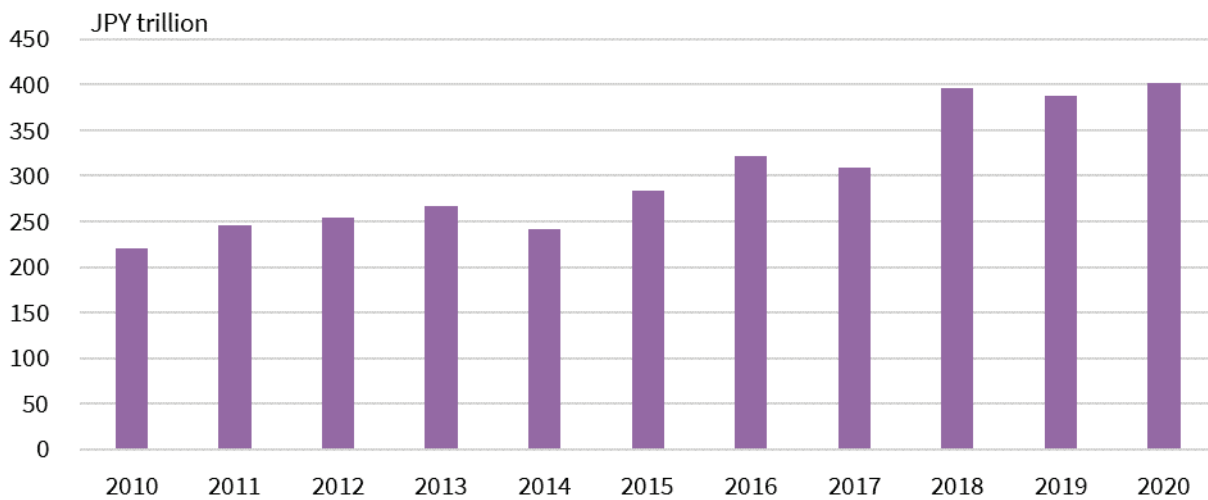


Source: Ministry of Economy, Trade and Industry

## 2-1-4. Material Handling Equipment

Headcount reduction and the implementation of robotics have been the norm for the logistics companies for years. This has resulted in the increasing shipment value of material handling equipment such as conveyors and automated storage. It is often difficult to fully utilize material handling equipment in outdated facilities due to the shortage of electric power source, or insufficient ceiling height and floor load. Therefore, the demand for large-scale modern logistics facilities are on the rise.

### Domestic Shipment Value of Material Handling Equipment



Source: Japan Institute of Logistics Systems

## 2-2. Planned Infrastructure Improvements

### 2-2-1. Expressway Extension Plans

Due to the rise in demand for faster travel as well as expanding motorization, Japan’s national transportation strategy switched from railway dependent to automobile dependent in the 1960s. Nowadays Japan is proud of its highly developed expressways across the country. Additionally, several extension plans of expressways are still underway across the nation to reduce travelling time and traffic congestion.

The table below illustrates examples of extension plans and are expected to contribute to faster and easier truck transport.

#### Major Expressway Extension Plans

Expressway	Extension Area and Distance	Features
<b>Tokyo Gaikan Expressway</b>	Tomei JCT – Oizumi JCT 16km	A partially completed 85km-long circular road, situated at around 15km from the central Tokyo. The planned extension aims to reduce traffic congestion in the city center and connect two major expressways of Tomei and Kan-etsu when completed (date unknown).
<b>Ken-O Expressway</b>	Taiei JCT – Matsuo Yokoshiba IC 18.5km  Fujisawa IC – Kamariya JCT 16.4km	A partially completed 300km-long circular road, situated at around 40-60km from the central Tokyo. Upon completion in FY2025, it will connect several satellite cities in the suburbs and major expressways in the Greater Tokyo.
<b>Shin-Tomei Expressway</b>	Isehara Oyama IC – Hadano IC 13km  Hadano IC – Shin-Gotemba IC 26km	Construction of Shin-Tomei Expressway started in 1995 to relieve the congestion and shorten the travel time of Tomei Expressway, which connects Tokyo and Nagoya. Tomei Expressway is one of the significant arteries in the nation, especially in terms of logistics. The new highway runs almost parallel to the existing Tomei Expressway and its total length will reach 253.2km upon completion (date unknown).
<b>Shin-Meishin Expressway</b>	Otsu JCT – Joyo JCT/IC 25.1km  Yawata Kyotanabe JCT/IC – Takatsuki JCT/IC 10.7km	A 174km-long partly completed expressway in the Greater Osaka. It will reduce the traffic congestion of the existing Meishin Expressway, which connects the Greater Osaka and the Greater Nagoya, upon the planned completion in FY2027.

### 2-2-2. 24-hour Operation for Airport

Other than the truck transport, there are alternative transportation nodes such as freight train, aircraft and vessel. Although airplane may not play a major carrier in the logistics industry due to its limited load capacity, speed remains its key advantage.

Flight times of airplanes are usually limited from morning till late evening and not allowed at night to avoid noise concerns among the residents in the surrounding area. However, Miyagi Prefecture in the Tohoku region and related municipalities have agreed to 24-hours operations for Sendai Airport in February 2021. This decision is expected to increase the number of passengers and freight, and the manufacturers and

other industries in the region will likely benefit. This will boost the economy in the region as well as its business partners, clients and customers outside of the region.

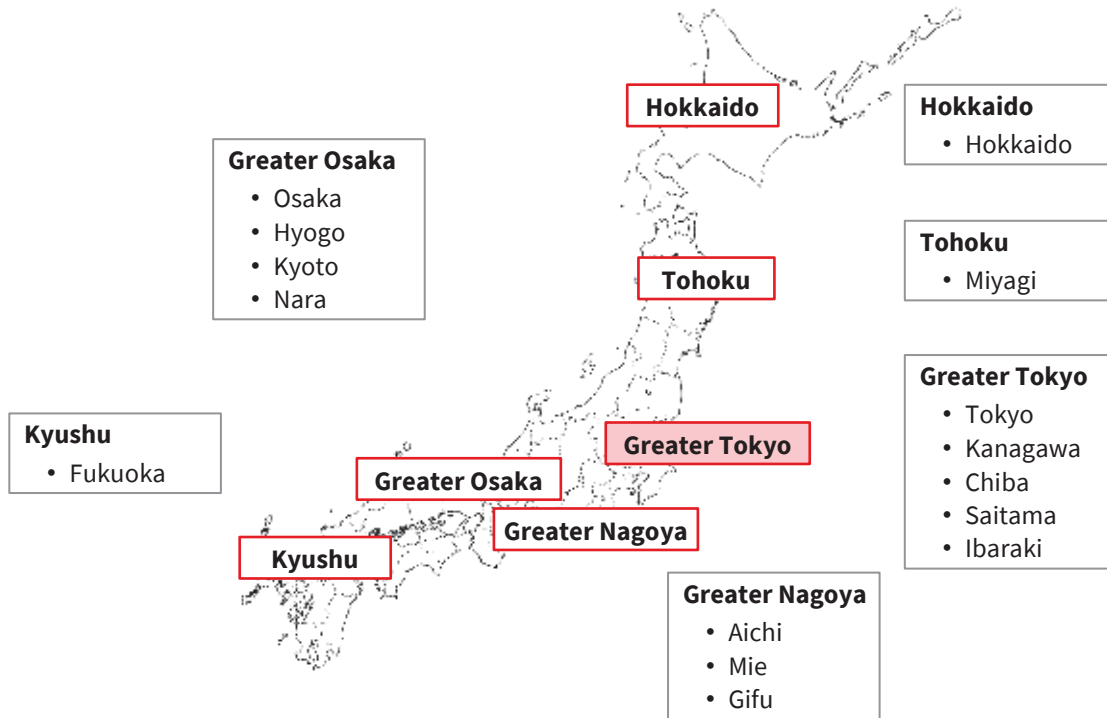
Sendai Airport will be the seventh airport in Japan which operates 24 hours. Fully operational airports include Shin-Chitose in Hokkaido, Haneda in Tokyo, Chubu in Aichi, Kansai in Osaka, Kitakyushu in Fukuoka and Naha in Okinawa.

### 3. Industrial Market Overview

#### 3-1. Industrial Market in Japan

##### 3-1-1. Major Industrial Markets

The map shows the major industrial markets in Japan.



Each major market (in red boxes) includes the prefectures indicated in the black boxes above as we have identified several large-scale logistics developments in those prefectures.

Among these major markets, the focus in this report is on the Greater Tokyo region.

##### 3-1-2. Modern Logistics Facility




Prior to the introduction of modern logistics facilities in early 2000s, traditional warehouses were the only choice of venue for storage and distribution in Japan. They were mostly owner-occupied and leasing opportunities were scarce.

Nowadays, sophisticated tenants are increasingly attracted to modern logistic facilities over conventional facilities, as modern logistics facilities offer a variety of advantages, including: (i) leasing opportunities, (ii) multi-purpose uses of facilities with high specifications, (iii) adequate seismic standards in construction for business continuity plans, and (iv) inclusion of amenities and good working environments.

Conventional and modern logistics facilities are generally characterised as follows.

	Conventional Facilities	Modern Logistics Facilities
<b>Facility Type</b>	Solely owner-occupied	Multi-, Single-tenant, Build-to-Suit (BTS)
<b>Size</b>	Small-to-medium size (typically 10,000 sq m or smaller, depending on business size)	Large-scale (users can select customised space)
<b>Term</b>	Long-term possession	Fixed-term lease (typical range of 3-10 years)
<b>Use</b>	Normally a small number of truck berths used only for storage  Facilities often have non-compliant mezzanine floors	Many truck berths are installed on each floor for high delivery frequency, with building specifications and equipment for distribution processing, used for various purposes other than storage
<b>Advantages for tenants</b>	Bespoke specifications for owner	Able to lease the facility that meets the purpose of the tenant in its required area and period

The key characteristics of modern logistics facilities are summarised in the table below.

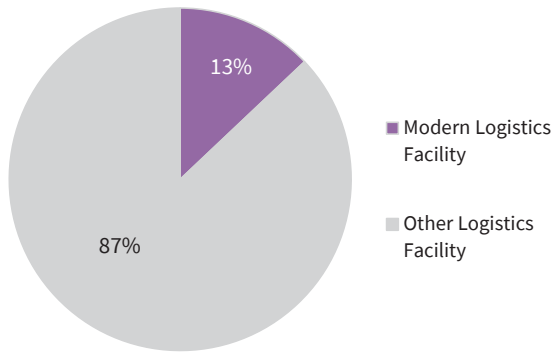
 Building Structure	 Operational Space	 Amenities	 Others
<ul style="list-style-type: none"> <li>Adjustable layout</li> <li>Installation of a ramp way with truck berths on upper floors</li> <li>Able to secure adequate car width space and can also take in shipping containers and large-scale trucks</li> <li>Seismic isolation</li> </ul>	<ul style="list-style-type: none"> <li>Ceiling height of more than 5.5 metres and floor load of 1.5 ton per sq m for forklifts</li> <li>10m+ column span for layout flexibility</li> <li>High floors with dock leveller for efficient loading/ unloading</li> <li>Lighting and air conditioning suitable for work</li> </ul>	<ul style="list-style-type: none"> <li>Office workspace is available for tenants</li> <li>Cafeteria and convenience stores for workers</li> <li>Adequate parking space, both for trucks and cars</li> </ul>	<ul style="list-style-type: none"> <li>Adequate electrical capacity for material handling and automation installation</li> <li>Cold storage configurations</li> <li>Solar panels</li> </ul>

Modern logistics facilities accounts for only 13% of the total logistics supply in Japan, leaving a potential of expansion in the future.

Among all the modern logistics facilities, 64% is concentrated in the Greater Tokyo region. If we include the modern facilities in the Greater Tokyo and Greater Osaka regions, the share increases to 88%. This indicates that the modern logistics facilities are mainly located in major urban regions, while the regional areas have a limited stock of modern facilities. The share in the Greater Nagoya and Fukuoka regions is much smaller, as the number of new developments in these cities has been limited. The stock size of modern facilities in

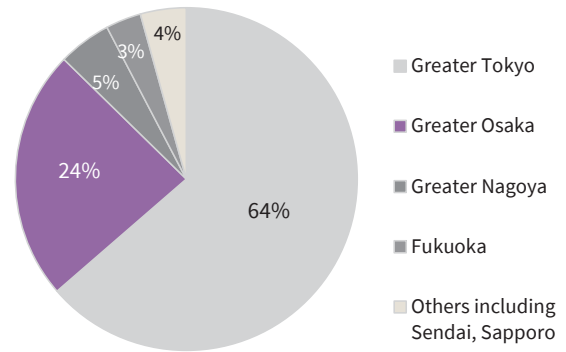
Sendai and Sapporo is also minimal. The penetration of modern logistic facilities will take longer in regional cities, with their stock increasing once new development projects take place.

### Share of Modern Logistics Facility



Source: Corporation survey on land and buildings, JLL Estimation

### Location of Modern Logistics Facility

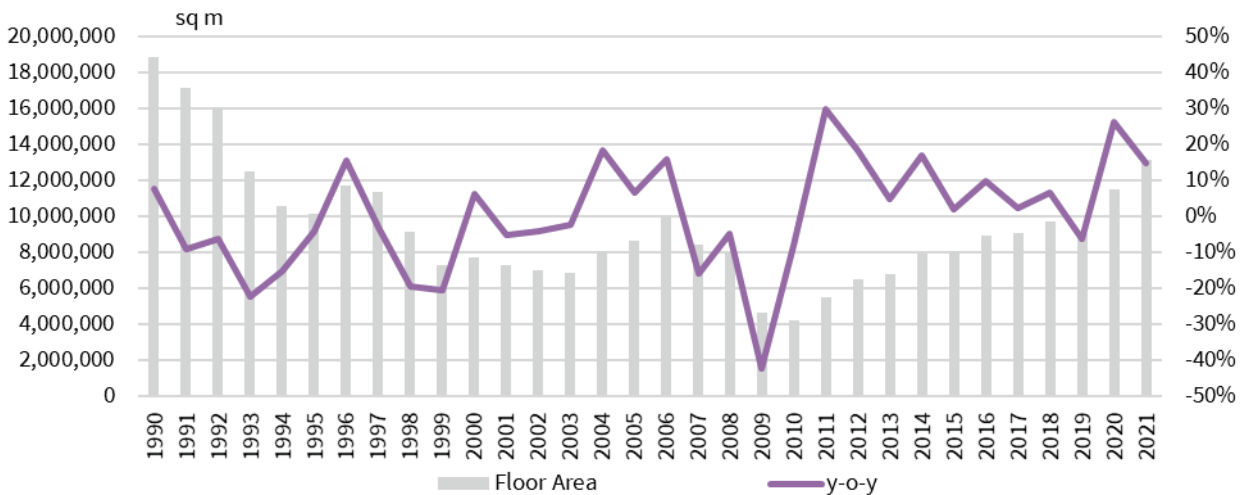


Source: Corporation survey on land and buildings, JLL Estimation

### 3-1-3. Logistics Facility Stock

The chart below shows the construction starts of warehousing facilities across Japan, including all the types of warehousing, i.e., leasing and owner-occupied, small and large.

### Warehousing Construction Starts



Source: Ministry of Land, Infrastructure, Transport and Tourism

Looking back at history, the construction of warehouses boomed during 1970s and early 1990s supported by buoyant economic growth, however the construction starts have dropped and remained low thereafter. Due to the recent rising E-commerce demand and the increased number of domestic players for development in the market, the annual construction starts began increasing again and recorded a recent high in 2021, exceeding 13 million sq m. The data of the historical construction starts suggest that the

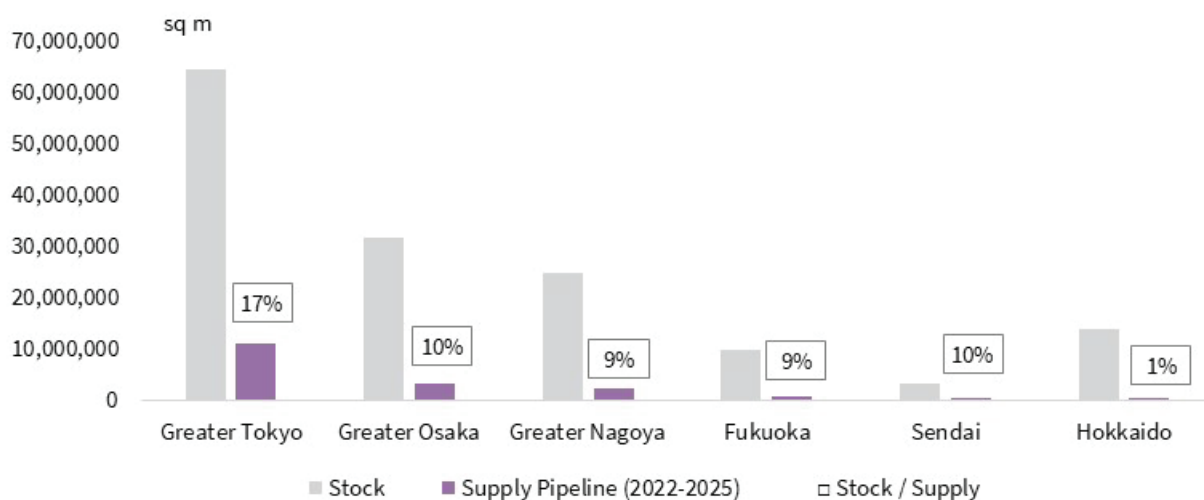


properties constructed in 1970s or 1990s might be obsolete now and need to be rejuvenated or reconstructed very soon.

The chart below shows the comparison between the total stock for each area and the amount of new supply pipeline from 2022 to 2025 (based on announcements of developers). The amount of supply pipeline is expected to rise further going forward as many future projects will be announced soon.

Particularly in the Greater Tokyo, several projects are planned for development and the share of supply pipeline as a proportion of total stock continues to grow. In the Greater Osaka, the Greater Nagoya, Fukuoka and Sendai regions, approximately 10%-equivalent of total stock is already underway. On the contrary, supply pipeline in Sapporo is limited and its share in total stock is minimal.

### Stock and Supply Pipeline



Source: Ministry of Land, Infrastructure, Transport and Tourism, JLL

## 3-2. Greater Tokyo

### 3-2-1. Greater Tokyo Market Description

The logistics market in the Greater Tokyo region is largely divided into two areas: the Bay Area and the Inland Area. The former is the coastal area of Tokyo Bay. The latter consists of the areas along three circular roads of Gaikan Expressway, National Route 16 and Ken-O Expressway. These circular roads intersect with major radial expressways such as Tomei, Chuo, Kan-etsu, Tohoku, Joban and Higashi-Kanto.

Due to the accelerated construction of Gaikan and Ken-O Expressways since 2000, the locations and areas that are suitable for the development of modern logistics facilities have expanded from the Bay Area to the Inland Area.

#### Greater Tokyo Map



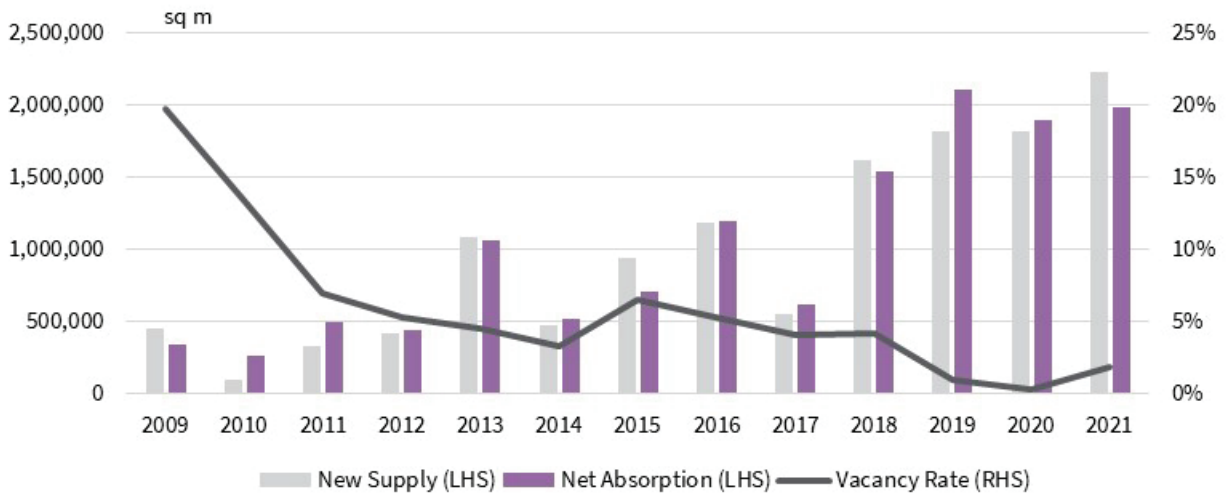
### 3-2-2. Supply and Net Absorption

The amount of annual new supply in the Greater Tokyo has been increasing since 2018, exceeding 2 million sq m in 2021.

A shortage of truck drivers and workers in logistics facilities increased logistics costs in recent years. Consequently, many companies have started to consider cost reduction and consolidation to a larger logistic facilities. This has led to an increase in logistics demand.

In addition, the demand has become prominent amongst e-commerce players and 3PLs service providers, as well as manufacturers considering relocation from their own old warehouses. All these factors have contributed to a sharp rise of logistics demand. As a result, with equally strong net absorption, the overall vacancy dropped in 2019 and 2020 despite the increase in supply. The vacancy reached 0.2% at end-2020, which means almost no vacant spaces offered in the market, while it increased to 1.8% in 2021 as some newly completed properties had vacant spaces, pushing up the overall vacancy rate.

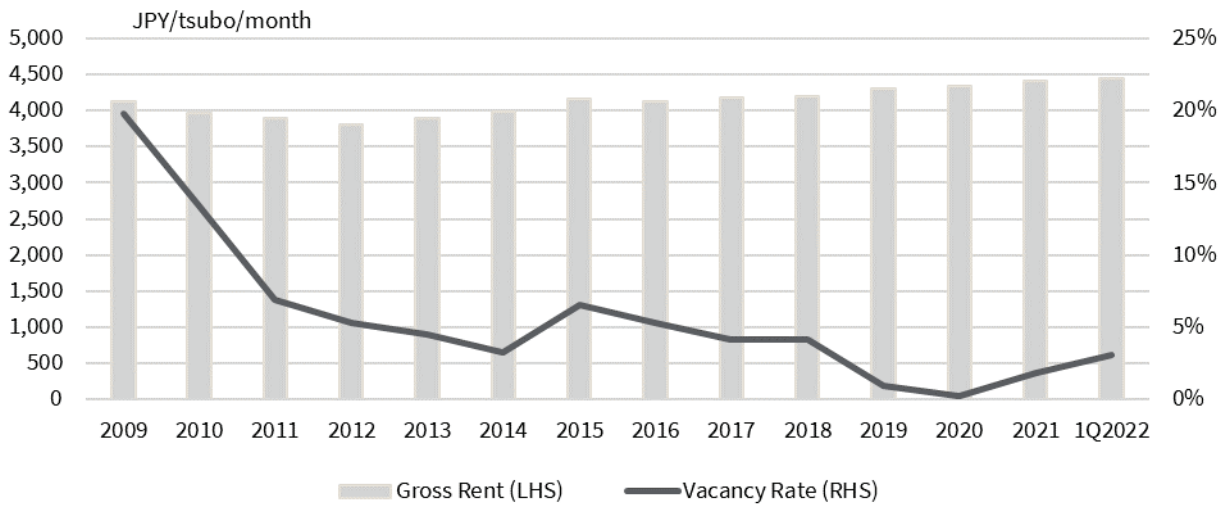
### Greater Tokyo – New Supply, Net Absorption and Vacancy Rate



Source: JLL

### 3-2-3. Rent and Vacancy

#### Greater Tokyo – Rent and Vacancy Rate



Source: JLL

Gross rent continues to rise in Greater Tokyo. In general, the industrial rent tends to be stable due to its longer lease term compared to the other asset types such as office properties. The recent buoyancy of the industrial market, mainly backed by the strong e-commerce sector, has attracted many investors. As a result, the number of market participants has increased and site acquisition for development projects have become more competitive. Together with the recent construction cost increase and higher land price, this has further increased the overall development costs. Tighter market environment with extremely low vacancies has contributed to the increased rents. Consequently, the asking rents of newly developed

properties tend to be higher, compared to the market rents of the existing properties in the surrounding areas. This has led to overall rental rates increasing in recent years.

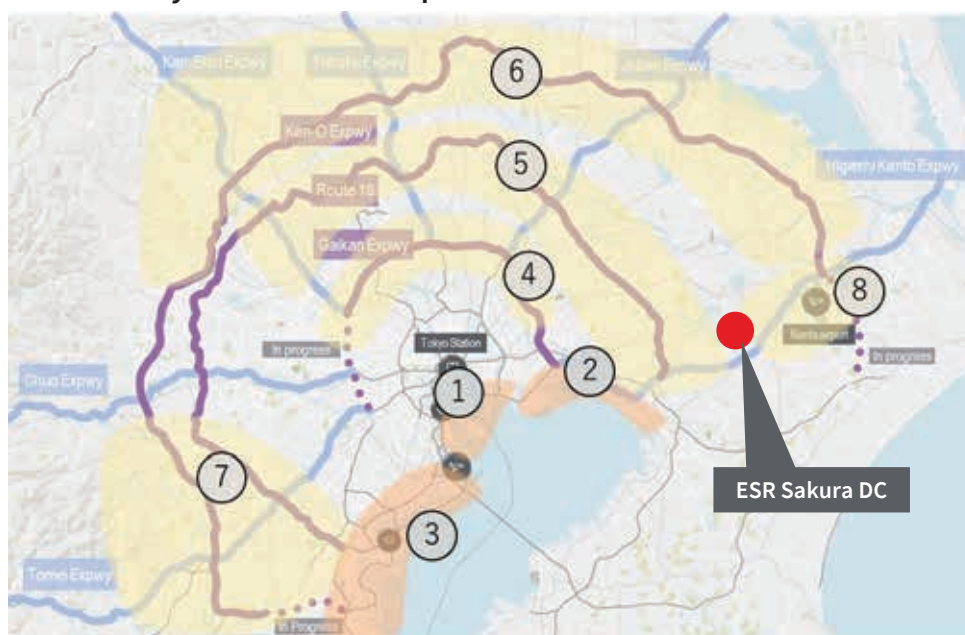
The vacancy in Greater Tokyo increased to 3.0% in 1Q2022, edging up by 1.2% point from three months ago. Although logistics demand has been strong, a large amount of new supply in the successive past four years provided more choices to potential tenants when selecting a new logistics venue, which made their decision making slower. This has resulted in an increase of the vacancy rate. On the other hand, the average rent was JPY4,419 per tsubo/month at end-2021, registering a 1.6% increase from the previous year. It further rose to JPY4,462 per tsubo/month in 1Q2022.

### 3-3. Greater Tokyo Sub-markets

#### 3-3-1. Greater Tokyo Sub-market Description

There are 8 sub-markets in the Greater Tokyo: 3 in the Bay Area and 5 in the Inland Area as below.

#### Greater Tokyo Sub-market Map



Bay Area	
1	Tokyo Bay
2	Chiba Bay
3	Kanagawa Bay
Inland Area	
4	Gaikan Expressway
5	Route 16
6	Ken-O Expressway
7	Inland Kanagawa
8	Narita Airport

#### ESR-LOGOS REIT New Property

ESR Sakura Distribution Centre
<ul style="list-style-type: none"> <li>• Located in Sakura City of Chiba Prefecture in Narita Airport sub-market</li> <li>• Superior access to Narita Airport, the largest airport in Japan in terms of air cargo volume share and import/export values</li> <li>• Close to Higashi Kanto Expressway, which connects central Tokyo and the east/ north-east of Greater Tokyo</li> </ul>

## Sub-market Features and Trends

Sub-market	Major Area	Features and Trends
<b>Tokyo Bay</b>	Ota-ku Koto-ku	<p>Majority of stocks consists of owner-occupied warehousing, constructed a long time ago. Available sites for new developments are scarce and development opportunities are only found in the case of reconstruction of deteriorated warehousing, or at former factory sites. Being in Tokyo 23-wards and the closest to the city center, the land acquisition cost is most expensive.</p> <p>Due to its excellent location for transport, close to Tokyo Port, Haneda Airport and the city center, the rent level of the modern logistics facilities stands out from the other sub-markets.</p> <p>It is understood that the logistics spaces in this area are occupied more by the owners of goods, the companies utilizing shipping containers, or the companies which have to deliver small parcels with a speed within the city.</p>
<b>Chiba Bay</b>	Urayasu Ichikawa Funabashi Narashino Chiba	<p>Superior accessibility to central Tokyo by Keiyo-doro and Higashi Kanto Expressway. The recent series of extension of Gaikan Expressway have increased the accessibility from the Chiba Bay area to Saitama and the western Tokyo.</p> <p>The area, which used to be filled with factories, witnessed several large-scale modern logistics facility developments, especially in the early days. As a result, the Chiba Bay sub-market has the largest logistics facility stock in the coastal area in the Greater Tokyo.</p>
<b>Kanagawa Bay</b>	Kawasaki Yokohama	<p>Superior access to the three ports of Tokyo, Kawasaki and Yokohama.</p> <p>The reclaimed lands in the coastal areas are the concentration of large factories and logistics facilities. Particularly, the areas near the two lines of Shuto Expressways such as Higashi Ogishima in Kawasaki and Daikoku in Yokohama have numerous large-scale modern logistics facilities.</p> <p>As available sites for new development have become scarce, the market has been expanding further to the southern areas such as Sachiura of Kanazawa-ward in Yokohama.</p>
<b>Gaikan Expressway</b>	Itabashi-ku Misato Matsudo Kawaguchi Koshigaya Yashio	<p>The area is located along Tokyo Gaikan Expressway corridor, running on the 15km-radius from the central Tokyo. It currently connects Nerima-ku in Tokyo and Ichikawa in Chiba via Saitama.</p> <p>There has been an increasing scale in modern logistics development along with the expressway extension. However, due to the closer location to the central Tokyo, available sites for new development is scarce. Therefore, the total stock is the second smallest after the Tokyo Bay sub-market.</p> <p>The rent level is also the second highest in the Greater Tokyo.</p> <p>As the amount of new supply in the coming 5 years is equivalent to circa 60% of the existing stock, the vacancy may increase temporarily in the near future.</p> <p>However, its proximity to the central Tokyo as well as the relatively lower rent compared to the Tokyo Bay sub-market makes this region attractive. Hence, the demand in this area is considered to be stable.</p>

## Sub-market Features and Trends (continued)

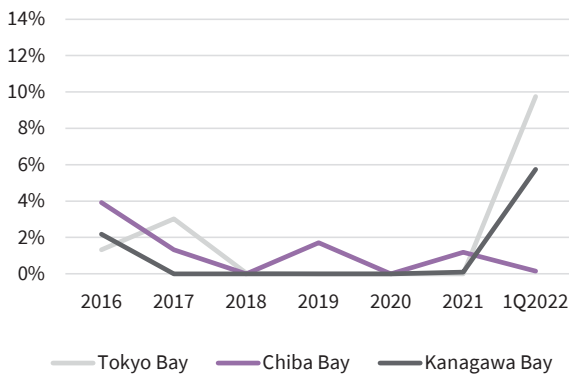
Sub-market	Major Area	Features and Trends
<b>Route 16</b>	Kashiwa Nagareyama Noda Kasukabe Kawagoe	<p>The area includes the cities on the Route 16 corridor, which runs on the 30km radius from the central Tokyo.</p> <p>Located in between Gaikan Expressway and Ken-O Expressway, it connects several suburban towns with a large population.</p> <p>The transport nodes of Route 16, crossed by major radial thoroughfares and highways running from the central Tokyo towards outer areas, are important locations for logistics.</p> <p>The logistics facility development started earlier, due to the demand from manufacturers who had been located there since old times. As a result, the area has the largest stock in the Greater Tokyo.</p> <p>Route 16 has a heavy daily traffic and congestion remains a serious issue.</p>
<b>Ken-O Expressway</b>	Kazo Kuki Hiki-gun Hanyu Tsukuba Joso	<p>Includes the cities on Ken-O Expressway, which runs on the 40-60km radius from the central Tokyo, connecting Chiba, Ibaraki, Saitama and Kanagawa. It will connect major interstate highways upon full opening projected in FY2025.</p> <p>Due to the expectation of increased accessibility upon extension in the near future, the industrial land price near Ken-O Expressway has been rising. Large development sites are available with relatively lower land acquisition costs (compared to the other sub-markets in the Greater Tokyo region) because of its fringe locations.</p> <p>The amount of new supply has been increasing, recording the highest in 2021 since the emergence of Ken-O logistics market in early 2000s.</p>
<b>Inland Kanagawa</b>	Sagamihara Machida Atsugi Zama Yokohama	<p>The location is close to the population of western Tokyo and Yokohama. Besides the existing superior access to western Japan through Tomei Expressway, the on-going extension of Ken-O Expressway has enabled wider access towards the inland areas of the Greater Tokyo and northern Japan. The planned full opening of Ken-O Expressway in FY2025 will further increase the accessibility.</p> <p>Numerous new development projects are taking place on former factory sites as well as logistics parks. The areas near the interchanges of Tomei Expressway and Ken-O Expressway are the popular locations for logistic properties.</p>
<b>Narita Airport</b>	Narita	<p>Located in the immediate area of the Narita International Airport.</p> <p>The industrial development started in early 2000s due to proximity of the airport. The number of new developments has been limited in recent years as air cargo volume of Narita Airport has been stagnated in 2008, although the volume has gradually recovered thereafter. During the COVID-19 pandemic, international trade volume in Narita Airport increased as some airline companies shifted to focus on freight rather than passenger transport. It expanded by 32% y-o-y in 2021, registering the largest volume in its history. The global shortage issue of shipping containers has also contributed to strengthen air cargo businesses.</p>



### 3-3-2. Rent and Vacancy

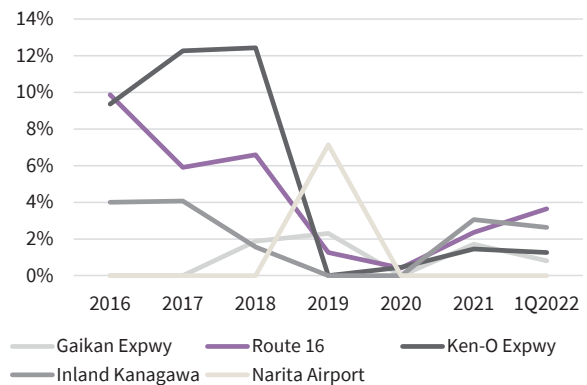
Generally speaking, vacancy rates remain low in the Bay Area compared to the Inland Area which has historically shown higher volatility in their vacancy rates. This is related to the history of the logistics market development in the Greater Tokyo region. The Bay Area is always the favoured logistics venue due to its proximity to the central Tokyo. In contrast, the accelerated extensions of Gaikan and Ken-O Expressways in recent years have improved the transport accessibility in the Inland Area and enabled large-scale logistics developments there. Historically some of the sites in Inland Area were traditional logistics hubs such as the area along the Route 16, while some new industrial hubs emerged, potential tenants were still not familiar with such new locations. As a result, leasing activities took longer for developers at such new locations in the Inland Area and its vacancy once reached high over 15%. Presently, the Inland Area is acknowledged as one of the major logistics venues in the Greater Tokyo and industrial facilities there attract many potential tenants, boasting high occupancy.

#### Vacancy – Tokyo Bay Area



Source: JLL

#### Vacancy – Tokyo Inland Area



Source: JLL

Underpinned by the strong logistics demand, the vacancy rate hit 0% at the end of 2020 in all the sub-markets, except for the Route 16 and the Ken-O sub-markets, even at where the vacancy recorded only 0.4%. In particular, the vacancy remained low below 5% in the Bay Area for years. However, it slightly rose in some sub-markets in 2021 and sharply increased in Tokyo Bay and Kanagawa Bay in 1Q2022 as some projects were completed with vacant spaces during the quarter. The noticeable hike of vacancy rate in the Bay Area has not happened in the past four years due to its superior location. Whereas such properties will normally reach full occupancy approximately six months from the time of completion. Therefore, we believe this vacancy hike is temporary.

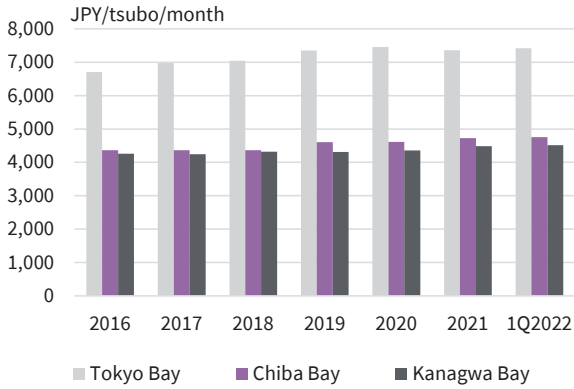
On the other hand, gross rent continues rising. The rent for new projects is particularly marketed at an aggressive level, while the rent for existing properties is also increasing as the landlords are taking a tough stance for rental rate negotiations, given the low vacancies.

To look at the rental trend of sub-markets, the rent in the sub-markets closer to central Tokyo is relatively higher, compared to the fringe locations. This is due to the proximity to the city center, in addition to the higher land acquisition costs. Low vacancy rate also contributed to the higher rents.



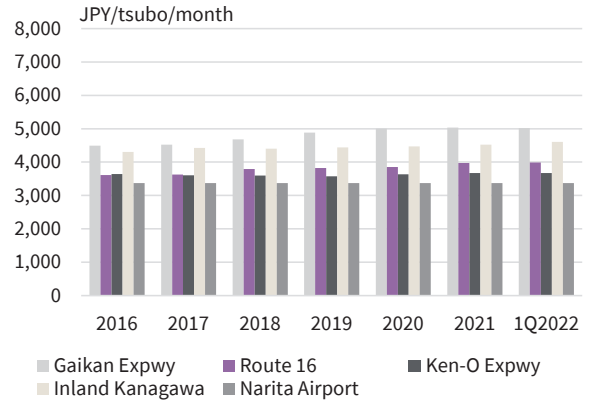
In the Inland Area, the average rents are edging up, led by the strong rental increase in the Gaikan Expressway sub-market. In selected areas in the Route16 and the Ken-O Expressway sub-markets, the rent is also on the rise, supported by the strong demand.

### Rent – Tokyo Bay Area



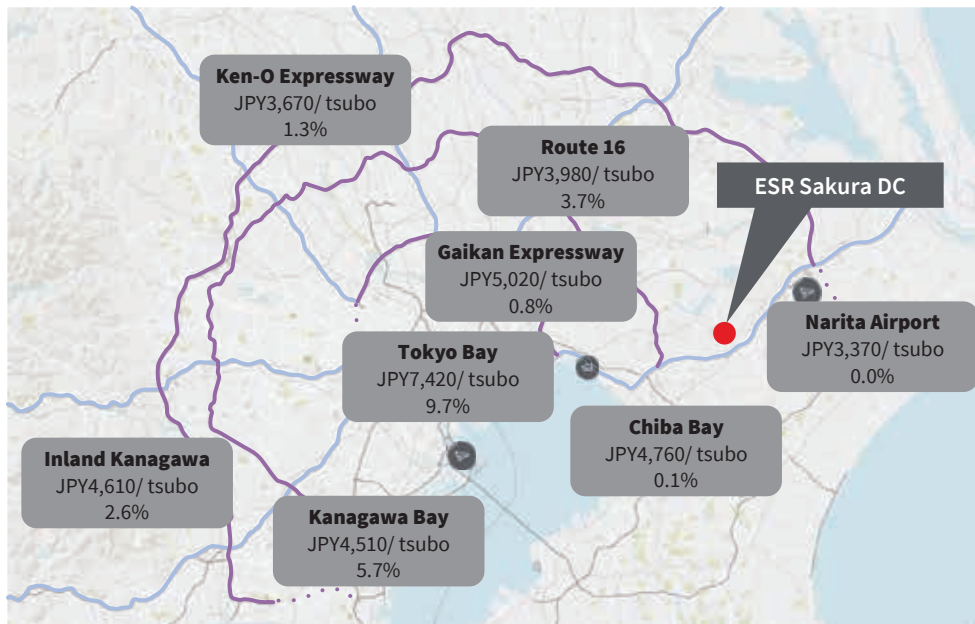
Source: JLL

### Rent – Tokyo Inland Area



Source: JLL

### Tokyo Sub-markets – Rent and Vacancy (1Q2022)



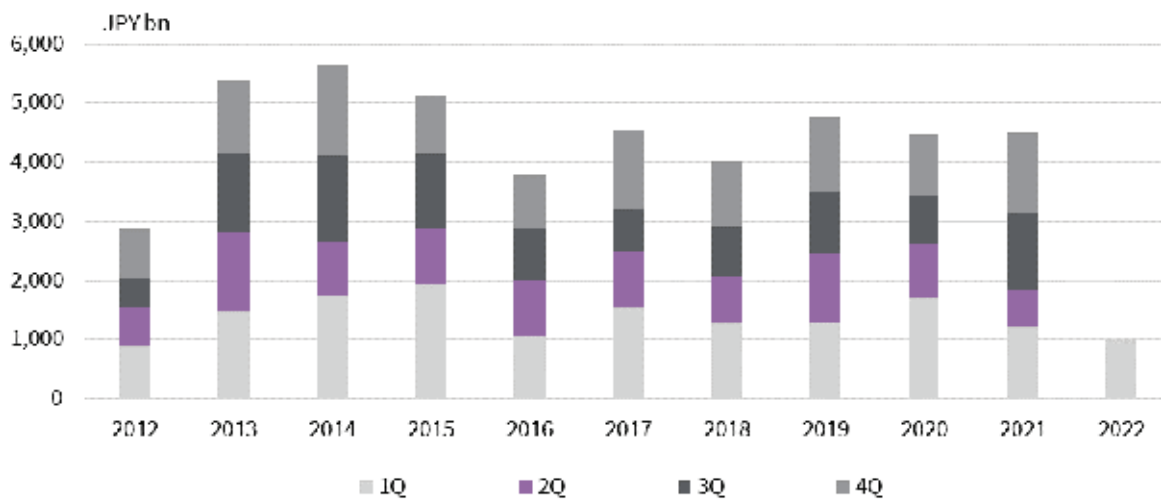
Source: JLL

## 4. Industrial Investment Market Overview

### 4-1. Sales Transaction

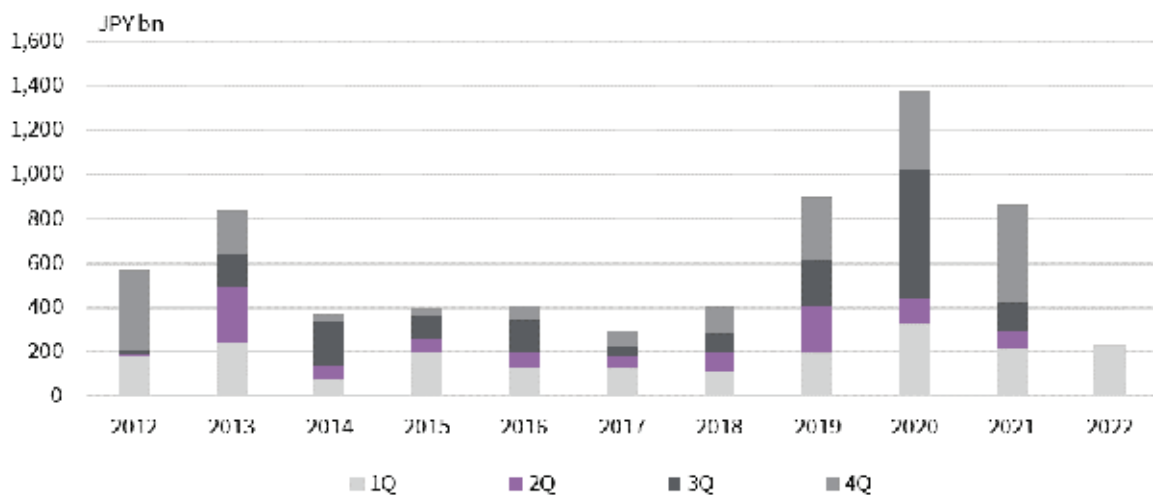
The investment market in Japan has been buoyant in recent years with annual sales transaction volume exceeding JPY4 trillion for all asset types. The transaction volume expanded to JPY4.8 trillion in 2019, but was negatively impacted by COVID-19 in 2020. However, it has only posted a 4% of decline from the previous year with several large-scale deals over or around JPY100 billion, showing the resilience of the market. The investment volume in 2021 slightly expanded by 0.6% y-o-y. Despite the fall in the industrial and residential sectors, the increase in the office sector contributed to the overall uplift, reflecting strong investor sentiment.

#### All Sector Transaction in Japan



Source: JLL

#### Industrial Transaction in Japan



Source: JLL

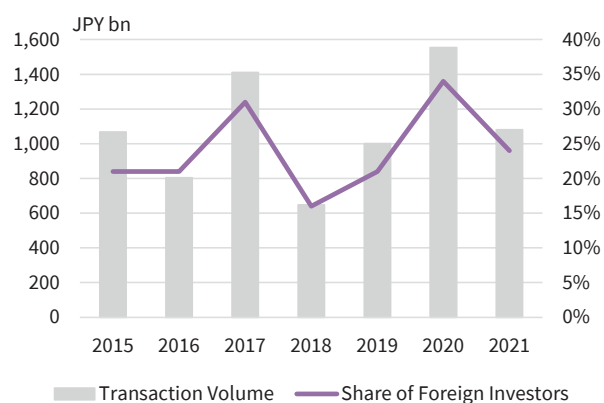
Looking solely at the industrial sector, the annual transaction volume increased by 58% in 2020 from a year ago. During the COVID-19 pandemic, the office sector has been impacted as many office workers were encouraged to work from home and some corporates reduced office spaces, while the retail and hotel sectors suffered due to the restriction of shopping and travel related activities. In contrast, the industrial sector has been the least affected. Moreover, it has benefited from the growth in e-commerce as more customers embraced e-commerce. Consequently, many market players have been attracted by the stable profitability of industrial properties. This has led the upsurge in industrial sales transaction. In particular, J-REITs actively acquired industrial assets. The industrial transaction volume in 2021 shrank from a year ago, while it stayed almost on par with pre-COVID-19 levels.

## 4-2. Sales Transaction by Overseas Investors

The cross border real estate investment in Japan by foreign investors recorded the highest in 2020 since the global financial crisis in 2008. The share of cross border investment as a proportion of total transaction volume also grew to 34% in 2020, which was the largest share in the history in Japan. As many foreign players have acknowledged the stability of socioeconomic situation as well as relatively less severe impacts from COVID-19, they increased their investment activities in Japan. Although both the volume and the share of cross border investment declined in 2021, we recognized the continuous strong interests in the Japanese market from foreign players.

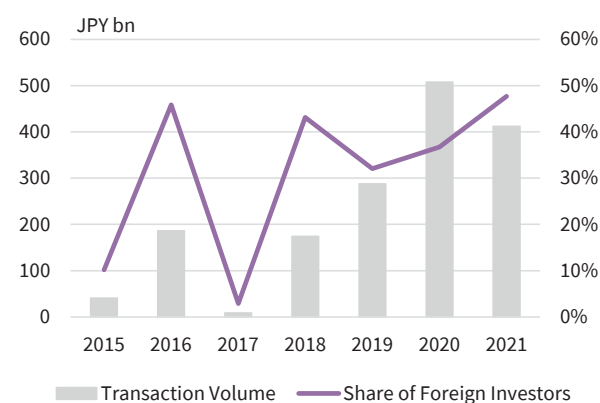
Similarly, the investment in industrial facilities by foreign investors increased in 2020, which recorded the highest transaction volume, a 70% increase from 2019. However, the cross border industrial transaction volume declined in 2021 although it still surpassed the volume in 2019.

### Cross Border Transaction



Source: JLL

### Cross Border Industrial Transaction



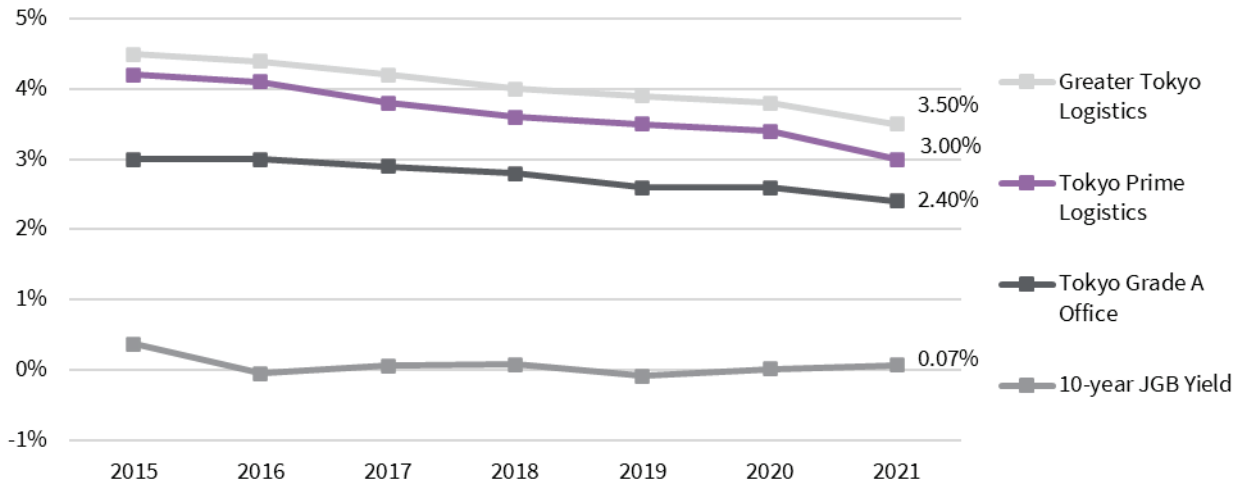
Source: JLL

## 4-3. Cap Rates

The chart shows the cap rate trend across sectors. The cap rates have continuously compressed over the years in all sectors, while the pace of compression appeared faster in the industrial sector, as compared to the office sector in recent years.

The industrial cap rate compressed to 3.5% in the Greater Tokyo by end-2021. Looking at prime logistics, the cap rate in the Tokyo prime area of Ota-ku and Koto-ku reached 3.0% in the same period.

### Cap Rates

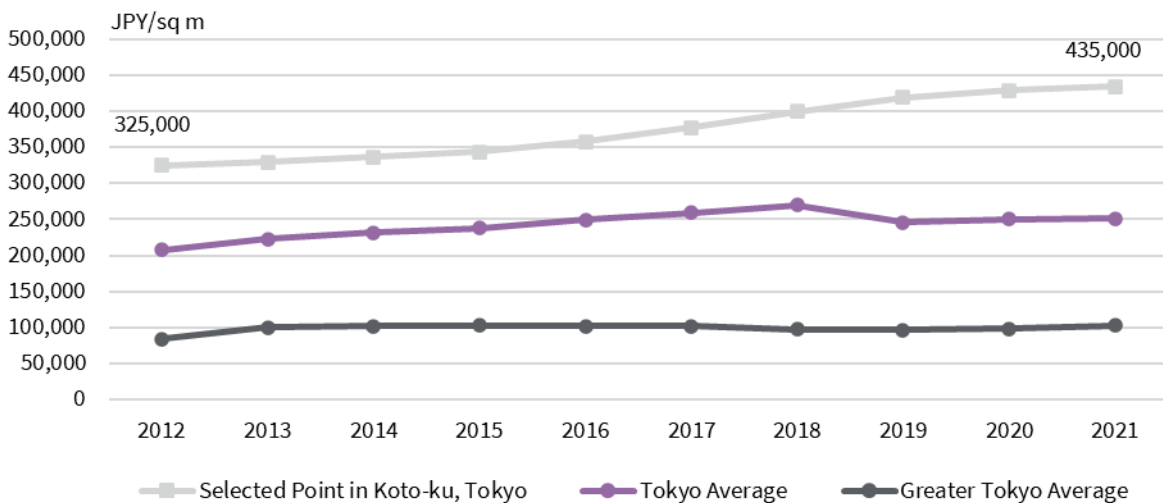


Source: JLL, Oxford Economics

### 4-4. Land Price

The chart shows the result of the official land price survey, annually conducted by the Ministry of Land, Infrastructure, Transport and Tourism as well as each prefecture. The price for industrial land, which is suitable for logistics facility development in terms of zoning, has been on the rise. In particular, the land price hike in the Greater Tokyo has been significant. The land price in the major industrial area of Koto-ku in Tokyo increased by 34% in the last nine years.

#### Land Price Trend – Selected Survey Points in Tokyo



Source: Ministry of Land, Infrastructure, Transport and Tourism, Tokyo Metropolitan Government

It is widely known that the actual transaction price hike is much larger than the official land price trends. For example, there was a reported case that the actual transaction price was close to three times higher than the value based on the official land price survey.

Site acquisition will become more competitive, as the number of developers entering the market is still increasing. Going forward, the industrial land price is expected to be on an uptrend, particularly in major logistic hubs.

## 4-5. Comparable Sales

The following table shows selected comparable sales in the Greater Tokyo market in 2020-2022.

### Greater Tokyo Sales Comparable

Property	Sub-market	Sale Price (JPY)	Sale Date	GFA (sq m)	NLA (sq m)	Capital Value (JPY/sq m)	Vendor	Purchaser	Yield (%)
Logiport Kawasaki Bay (40%)	Kanagawa Bay	32,200,000,000	Sep-20	115,960	104,720	307,487	Kawasaki Bay Real Estate Hanbai GK	LaSalle Logiport REIT	4.3
Logiport Shin Moriya	Ken-O Expy	8,580,000,000	Sep-20	37,091	37,092	231,317	Shin Moriya Logistics GK	LaSalle Logiport REIT	4.9
Landport Ome II	Route 16	14,620,000,000	Oct-20	63,880	63,749	229,337	Nomura Real Estate Development	Nomura Real Estate Master Fund	4.6
MFLP Kawaguchi I	Gaikan Expy	18,500,000,000	Oct-20	49,838	48,119	384,464	Mitsui Fudosan	Mitsui Fudosan Logistics Park	4.1
i Missions Park Kashiwa 2 (30%)	Route 16	8,720,000,000	Nov-20	35,231	35,065	248,681	GK Kashiwa 2 Properties	Itocu Advance Logistics Investment Corporation	4.6
SOSiLA Ebina (62%)	Inland Kanagawa	14,694,000,000	Dec-20	44,617	42,061	349,352	Sumitomo Corporation	SOSiLA Logistics REIT	4.4
GLP Sayama Hidaka II	Ken-O Expy	21,630,000,000	Dec-20	77,501	75,719	285,661	Blue Logistics 5 GK	GLP J-REIT	4.5
GLP Yokohama (60%)	Kanagawa Bay	24,272,000,000	Dec-20	59,611	57,187	424,429	Blue Logistics 3 GK	GLP J-REIT	4.1
GLP Yachiyo II	Route 16	13,039,000,000	Dec-20	54,406	54,240	240,393	Blue Logistics 5 GK	GLP J-REIT	4.5
GLP Urayasu II	Chiba Bay	16,885,000,000	Dec-20	46,764	47,192	357,790	SMFL Mirai Partners	GLP J-REIT	4.2
LogiSquare Sayama Hidaka (80%)	Ken-O Expy	14,066,000,000	Jan-21	58,983	56,969	246,907	CRE	CRE Logistics REIT	4.7
Prologis Park Chiba New Town	Route 16	26,300,000,000	Feb-21	109,982	106,934	245,946	SPC of Prologis	Nippon Prologis REIT	4.6
Prologis Park Tsukuba 2	Ken-O Expy	20,900,000,000	Feb-21	98,920	98,825	211,485	SPC of Prologis	Nippon Prologis REIT	4.9
Prologis Park Chiba 2	Route 16	15,000,000,000	Feb-21	60,327	58,117	258,098	SPC of Prologis	Nippon Prologis REIT	4.5
Logicross Narashino	Chiba Bay	11,851,000,000	Mar-21	36,438	39,132	302,846	SPC of Mitsubishi Estate	Mitsubishi Estate Logistics REIT Investment Corporation	4.3
GLP Zama (70%)	Inland Kanagawa	29,653,000,000	Jul-21	87,075	79,908	371,089	SNZ Properties GK	GLP J-REIT	4.0
GLP Sayama Hidaka I	Ken-O Expy	10,300,000,000	Jul-21	39,210	39,579	260,239	SNZ Properties GK	GLP J-REIT	4.9
DPL Nagareyama III	Route 16	32,000,000,000	Oct-21	106,917	106,859	299,460	A subsidiary of Daiwa House Industry	Daiwa House REIT Investment Corporation	4.5
D project Hiratsuka	Inland Kanagawa	15,200,000,000	Oct-21	54,300	54,743	277,660	A subsidiary of Daiwa House Industry	Daiwa House REIT Investment Corporation	4.5
Landport Ome III	Ken-O Expy	17,000,000,000	Jan-22	73,087	67,353	252,400	Nomura Real Estate Development	Nomura Real Estate Master Fund	4.5
MFLP Yachiyo Katsutadai	Route 16	18,000,000,000	Feb-22	74,624	69,830	257,769	Mitsui Fudosan	Mitsui Fudosan Logistics Park Inc.	4.3
MFLP Hiratsuka II	Inland Kanagawa	12,700,000,000	Feb-22	48,141	46,525	272,972	Mitsui Fudosan	Mitsui Fudosan Logistics Park Inc.	4.2
Logiport Kawasaki Bay (45%)	Kanagawa Bay	36,000,000,000	Mar-22	130,455	117,763	305,699	NA (domestic corporate)	Mitsubishi Estate Logistics REIT Investment Corporation	4.3
Logicross Atsugi II	Inland Kanagawa	9,828,000,000	Mar-22	35,068	34,581	284,204	NA (domestic corporate)	Mitsubishi Estate Logistics REIT Investment Corporation	4.4

\*percentage in brackets refer the proportion of the acquisition.

\*\*floor area is pro rata to the proportion of the acquisition.

\*\*\*yield is based on NOI.

Source: J-REITs, JLL

## 5. Industrial Market Outlook

### 5-1. Greater Tokyo Leasing Market

#### 5-1-1. New Supply and Net Absorption

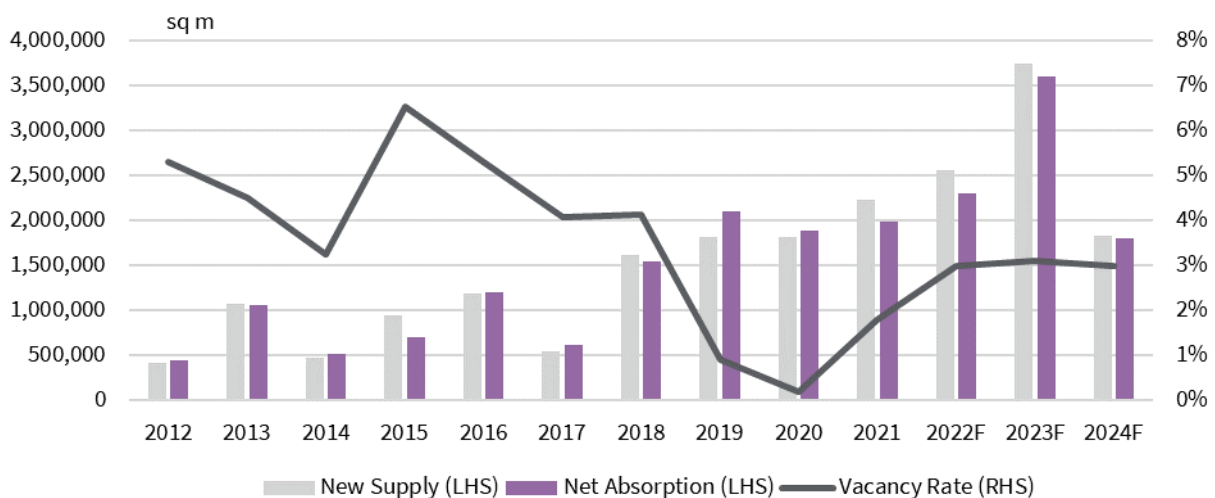
The amount of logistics facility new supply in Greater Tokyo is on the rise and is expected to exceed 3 million sq m in 2022. It will further increase in 2023, exceeding 3.5 million sq m. As the details of some of the new projects (that will be completed in the coming 2 to 3 years) have yet to be announced, the amount of supply in the pipelines includes our estimates that are based on land sales trends.

The rise in the amount of new supply is partly due to the increase of market participants. In addition to the existing developers who have been active in the market, new players such as CapitaLand from Singapore and Hines from the US have entered the market in recent years and launched logistics developments. Moreover, the number of super-large-scale projects have increased, contributing to the overall increase in supply.

Logistics developments often take place on former factory sites. Factory sites are normally located in the industrial district of the zoning and are easy to transform to modern logistics facility. As site acquisitions become more competitive, a moderate number of factory sites conversion to logistics facilities are contributing to the increase in new supply. The land readjustment projects associated with land sales is another driver for the new supply increase as large plots of vacant lands become available. All these factors provide new development opportunities; therefore, the current level of new supply is expected to continue in the near future.

Although sizeable new supply of more than 8 million sq m is projected from 2022F to 2024F (2.7 million sq m of new supply per annum), we expect strong net absorption of circa 7.7 million sqm (2.6 million sq m per annum) in the same period, supported by the strong demand. Amidst the COVID-19 pandemic, e-commerce retailers and 3PLs players continue to expand their businesses with plans to open new logistics centres to achieve optimal efficiency.

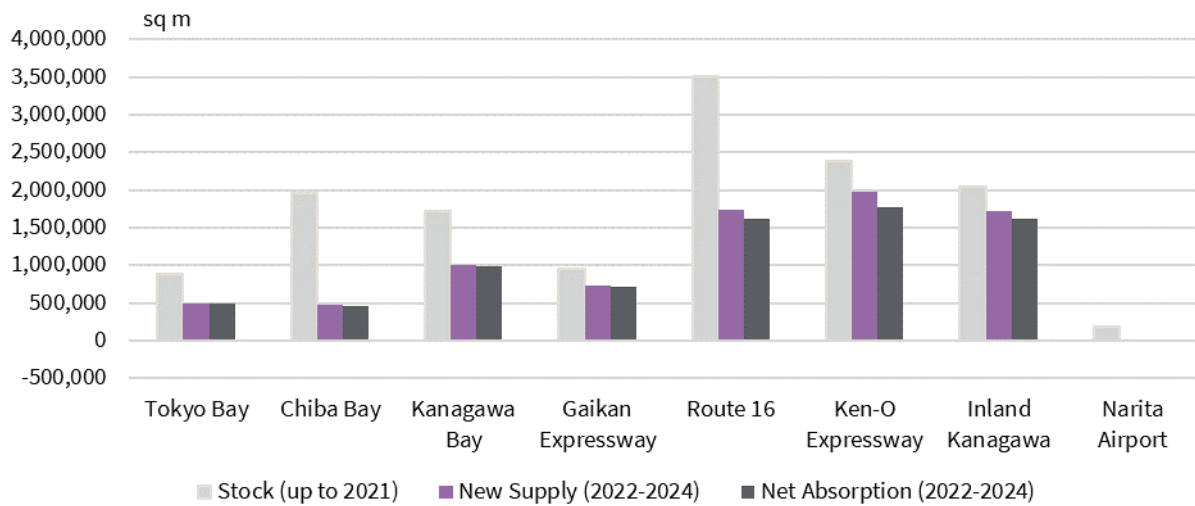
#### New Supply, Net Absorption and Vacancy – Greater Tokyo



Source: JLL

To look at the sub-market level, the new supply pipeline in the coming three years are concentrated in Inland Area as potential development sites are difficult to find in Bay Area. Among them, the amount is significantly larger in the sub-markets of Route 16, Ken-O Expressway and Inland Kanagawa. Further transport accessibility improvement in the Inland Kanagawa and Ken-O Expressway sub-markets is expected and many developers are seeking opportunities there.

### Supply Pipeline, Net Absorption and Stock – Greater Tokyo Sub-markets



Source: JLL



## 5-1-2. Selected Major Supply Pipeline (2022) \*

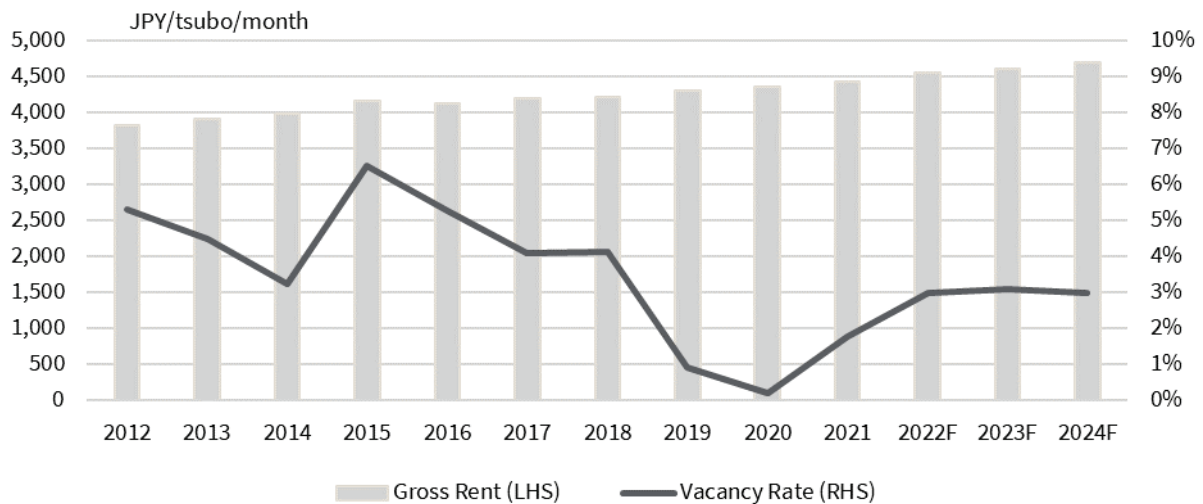
Property Name	Developer	Sub-market	City	Prefecture	Completion
DPL Koto Fukagawa	Daiwa House Industry	Tokyo Bay	Koto-ku	Tokyo	Jan-22
ESR Yokohama Sachiura DC 1	ESR	Kanagawa Bay	Yokohama	Kanagawa	Jan-22
Matsudo Logistics Center	LaSalle Investment Management, Nippo	Gaikan Expressway	Matsudo	Chiba	Jan-22
LOGI'Q Sayama Hidaka	Tokyu Land Corp	Ken-O Expressway	Sayama	Saitama	Feb-22
DPL Chiba Yotsukaido	Daiwa House Industry	Route 16	Yotsukaido	Chiba	Feb-22
MFLP Ichikawa Shiohama II	Mitsui Fudosan	Chiba Bay	Ichikawa	Chiba	Mar-22
DPL Shin-Yokohama I	Daiwa House Industry	Inland Kanagawa	Yokohama	Kanagawa	Mar-22
DPL Yokohama Totsuka	Daiwa House Industry	Inland Kanagawa	Yokohama	Kanagawa	Mar-22
Prologis Park Soka	Prologis	Gaikan Expressway	Soka	Saitama	Apr-22
DPL Atsugi Morinosato	Daiwa House Industry	Inland Kanagawa	Atsugi	Kanagawa	Apr-22
Landport Ageo II	Nomura Real Estate	Route 16	Ageo	Saitama	May-22
MFLP Tomei Ayase	Mitsui Fudosan	Inland Kanagawa	Ayase	Kanagawa	Jun-22
DPL Hiratsuka	Daiwa House Industry	Inland Kanagawa	Hiratsuka	Kanagawa	Jul-22
DPL Misato III	Daiwa House Industry	Gaikan Expressway	Misato	Saitama	Jul-22
Tokyo Rail Gate East	Japan Railway Freight, Mitsui Fudosan	Tokyo Bay	Shinagawa-ku	Tokyo	Jul-22
SOSiLa Chuorinkan	Sumitomo Corporation	Inland Kanagawa	Yamato	Kanagawa	Aug-22
ESR Kawasaki Ukishima DC	ESR	Kanagawa Bay	Kawasaki	Kanagawa	Aug-22
MFLP Ebina I	Mitsui Fudosan	Inland Kanagawa	Ebina	Kanagawa	Sep-22
Prologis Park Yachiyo 1	Prologis	Route 16	Yachiyo	Chiba	Sep-22
DPL Urayasu III	Daiwa House Industry	Chiba Bay	Urayasu	Chiba	Sep-22
CBRE IM Ranzan	CBRE Investment Management Japan	Ken-O Expressway	Ranzan	Saitama	Oct-22
DPL Shin-Yokohama II	Daiwa House Industry	Inland Kanagawa	Yokohama	Kanagawa	Oct-22
GLP ALFALINK Sagamihara 4	GLP	Inland Kanagawa	Sagamihara	Kanagawa	Nov-22
LOGIFRONT Sayama	Nippon Steel Kowa Real Estate	Ken-O Expressway	Sayama	Saitama	Dec-22

\*the data in the table above may change.

### 5-1-3. Rent and Vacancy

The vacancy is estimated to rise slightly in 2022 due to supply surge. However, we believe it will remain around 3%, supported by the strong occupancy and leasing demand. Average rent in the Greater Tokyo area is expected to rise at a gradual pace going forward, attributed to the low vacancy. Unlike the office sector, the rent for logistics assets is expected to be less volatile due to the relatively longer lease term, which results in a moderate pace of increase in rent.

### Rent and Vacancy – Greater Tokyo



Source: JLL

### 5-1-4. Sub-market Outlook

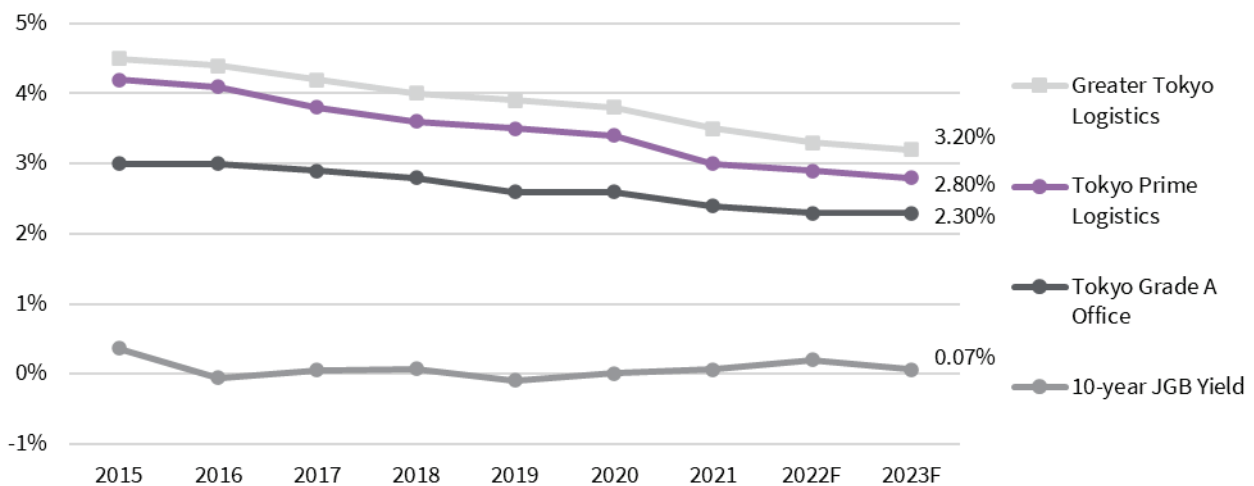
Sub-market	Outlook
<b>Tokyo Bay</b>	The amount of new supply is expected to remain limited going forward, while the demand continues to be strong. This will support the low vacancy levels and lead to a continuous gradual rental increase in Tokyo Bay. Little doubt that Tokyo Bay will remain as the most prime logistics area in Japan.
<b>Chiba Bay</b>	Although development opportunities have decreased relative to a decade ago, there will be a moderate amount of new supply for large-scale logistics facilities. As the rent is lower relative to Tokyo Bay, the demand for logistic facilities are expected to remain strong.
<b>Kanagawa Bay</b>	Thanks to the opening of a new Shuto Expressway in March 2020, which directly connects the bay area and the inland area of Kanagawa, the east-west access to the Expressways of Tomei, Shuto and Daisan Keihin Road in the prefecture has improved. This will contribute to the rental increase in overall Kanagawa.
<b>Gaikan Expressway</b>	As the amount of new supply in the coming 3 years is equivalent to an approximately 77% of the existing stock, the vacancy may experience a temporary increase in the near future. However, its closer location to the central Tokyo coupled with the relatively lower rental rates compared to Tokyo Bay sub-market looks attractive. Therefore, the demand in this area is considered to be stable.
<b>Route 16</b>	Several large-scale projects are planned to complete in 2022 and the vacancy is expected to rise during this period. Due to the proximity to the large population base, the importance of Route 16 as a logistic hub will be unchanged and demand is expected to stable, backed by rising EC demand.

Sub-market	Outlook
<b>Ken-O Expressway</b>	This area is offering many opportunities for facility developments, as large vacant sites are available, also there are industrial parks developed in recent years. The market boundary has been expanding, while rent is much lower, compared to the other sub-markets. The area has growth potential and going forward, is considered to be attractive to developers, investors and tenants.
<b>Inland Kanagawa</b>	The areas near the interchanges of Tomei Expressway and Ken-O Expressway are continuously expected to attract developers and investors going forward. Other than the central Kanagawa area including Atsugi and others, the area around the newly opened Yokohama Kohoku JCT has a potential to grow as it has superior transport accessibility. As it is surrounded by the large population base in Yokohama, finding new facility staffs will likely be easier. The current rent is high, partly due to higher land costs, and is expected to rise over the foreseeable future.
<b>Narita Airport</b>	No new supply is planned in the area in coming years, which will support the stable low vacancy rate. The recent increase in air cargo volume of Narita Airport may draw attention from the players in the logistics market.

## 5-2. Cap Rates

Going forward, the logistics cap rate is forecasted to continue to compress, backed by strong investor demand. In contrast, the office cap rate is expected to remain unchanged with only a marginal compression. The office market has been affected by the COVID-19 pandemic with increasing vacancy and falling rental rates over the past two years.

### Cap Rates



Source: JLL, Oxford Economics

On the other hand, the logistics assets have been garnering investor interests amid the COVID-19 pandemic, putting downward pressure on yield. We predict that the industrial yield will fall by 20bps within the next two years.

The Bank of Japan has been adopting the negative interest policy for the past six years now and we do not expect any policy changes in the near term, unlike the US. Therefore, despite the compression of cap rates and given the prolonged and extremely low risk-free rate in Japan, the cap rate for the real estate properties, especially in the industrial sector, is expected to remain attractive.

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### **Jones Lang LaSalle K.K.**

Prudential Tower  
2-13-10  
Nagata-cho, Chiyoda-ku  
Tokyo  
100-0014

+81 (0)3 5501 9200

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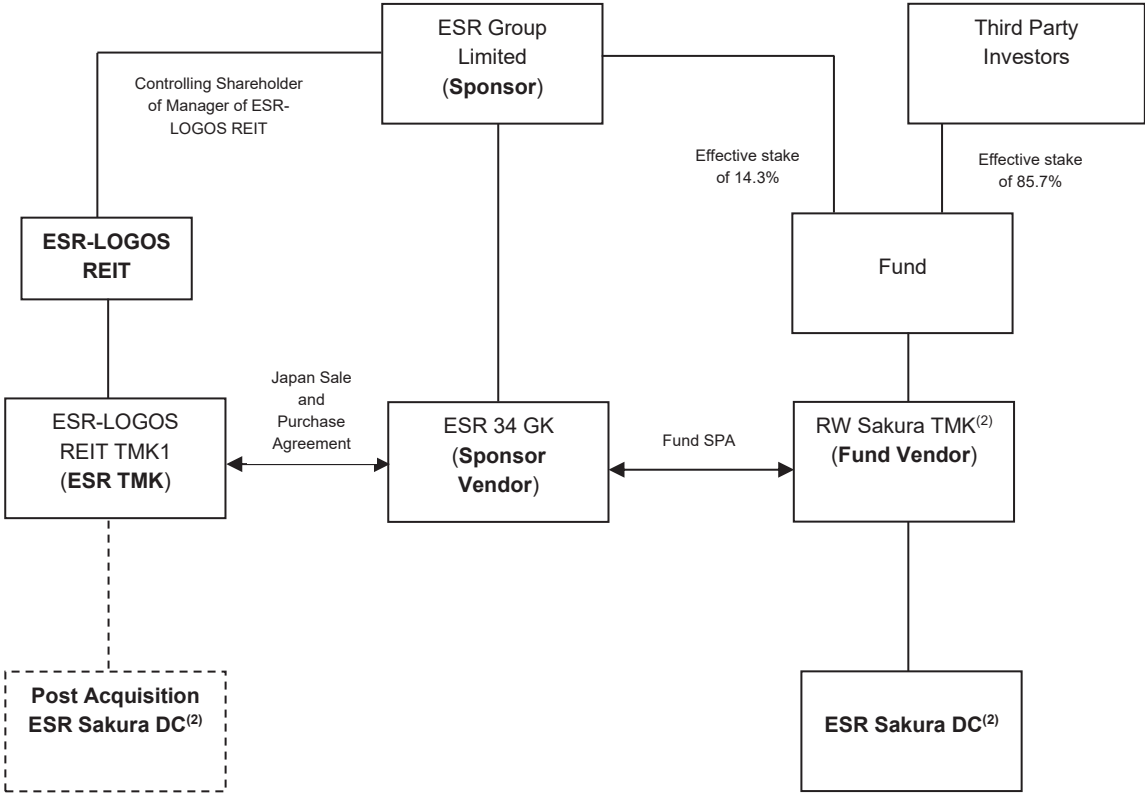
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**APPENDIX E**

**RELATIONSHIP BETWEEN INTERESTED PERSONS AND E-LOG<sup>(1)</sup>**



**Notes:**

- (1) The above chart is a simplified holding chart to show the structure of the transaction and the relationship between the parties. Accordingly, the various intermediate holding entities are not represented in the chart above.
- (2) The trustee of ESR Sakura DC is Mitsubishi UFJ Trust and Banking Corporation pursuant to the Trust Property Management and Disposition Trust Agreement (*fudousan kanri shobun shintaku keiyakusho*) dated 14 November 2018 entered into by the Fund Vendor and the ESR Sakura Trustee as may be amended.



## APPENDIX F

### PROCEDURES FOR EXTRAORDINARY GENERAL MEETING

#### Steps for pre-registration, submission of questions and voting at the EGM

The EGM is being convened, and will be held, at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593, and by way of electronic means.

No.	Steps	Details
1.	Pre-registration	<p>Unitholders and CPF/SRS investors who wish to attend either the Physical Meeting or the Virtual Meeting must pre-register online at <a href="https://smartagm.sg/esrlogosreitegm12October2022">https://smartagm.sg/esrlogosreitegm12October2022</a> (the “<b>Pre-Registration Page</b>”) by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM).</p> <p>Relevant Intermediary Unitholders who wish to attend the Physical Meeting or the Virtual Meeting 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/its name, email address and NRIC / passport number or UEN number) to the Unit Registrar, Boardroom Corporate &amp; Advisory Services Pte. Ltd., at <a href="mailto:SRS.TeamE@boardroomlimited.com">SRS.TeamE@boardroomlimited.com</a> no later than 9 October 2022 (Sunday), 10.00 a.m.</p> <p>Following successful verification by the Manager, authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who have been pre-registered for the EGM will receive by 11 October 2022 (Tuesday), 5.00 p.m., the Confirmation Email.</p> <p>Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who do not receive the Confirmation Email by 11 October 2022 at 5.00 p.m., but have pre-registered for the Physical Meeting or the Virtual Meeting (as the case may be) by the deadline of 9 October 2022 at 10.00 a.m., should contact the Unit Registrar of E-LOG, Boardroom Corporate &amp; Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at <a href="mailto:SRS.TeamE@boardroomlimited.com">SRS.TeamE@boardroomlimited.com</a> immediately.</p>
2.	Submission of questions	<p>All authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders will be able to pose questions “live” during the EGM, either by raising questions verbally at the Physical Meeting or by submitting them electronically during the live audio-visual webcast. Instructions will be provided at the start of the EGM on how questions can be submitted electronically.</p>

		<p>In addition, all Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders can and are strongly encouraged to submit questions relating to the business of the EGM in advance of the EGM up till 5 October 2022 (Wednesday), 5.00 p.m., in the following manner:</p> <p>(i) Unitholders and CPF/SRS investors may submit their questions on the Pre-Registration Page or via email to <a href="mailto:ir@esr-logosreit.com.sg">ir@esr-logosreit.com.sg</a> or by post addressed to Investor Relations at 8 Changi Business Park Avenue 1 #05-51 ESR BizPark @ Changi (South Tower) Singapore 486018. Submission electronically on the Pre-Registration Page or by email is strongly encouraged.</p> <p>(ii) Relevant Intermediary Unitholders (excluding CPF/SRS investors) may submit questions through their Relevant Intermediary, who in turn should submit a consolidated list of questions to the Unit Registrar, Boardroom Corporate &amp; Advisory Services Pte. Ltd., at <a href="mailto:SRS.TeamE@boardroomlimited.com">SRS.TeamE@boardroomlimited.com</a>.</p> <p>Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who submit questions in advance of the EGM should provide the following information to the Manager (or, in the case of Relevant Intermediary Unitholders, their Relevant Intermediary) for verification purposes:</p> <p>(i) your full name;</p> <p>(ii) your address, contact number and email; and</p> <p>(iii) the manner in which you hold Units (if you hold Units directly, please provide your CDP account number; otherwise, please state if you hold your Units through CPF or SRS, or are a Relevant Intermediary Unitholder).</p> <p>The Manager will address all substantial and relevant questions received in advance, via an announcement on SGXNET via the SGX-ST's website at <a href="https://www.sgx.com/securities/company-announcements">https://www.sgx.com/securities/company-announcements</a> and E-LOG's website at <a href="https://esr-logosreit.listedcompany.com/meetings.html">https://esr-logosreit.listedcompany.com/meetings.html</a> by 7 October 2022 (Friday), 10.00 a.m. (being 48 hours prior to the closing date and time for the lodgement of the proxy forms).</p> <p>The Manager will publish the minutes of the EGM on E-LOG's website and on SGXNET, and the minutes will include the responses to substantial and relevant questions from Unitholders which are addressed during the EGM.</p>
3.	Voting and Submission of	Unitholders who wish to exercise their voting rights at the EGM may:

	Proxy Forms	<p>(i) (where the Unitholder is an individual) attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting;</p> <p>(ii) (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting on their behalf; and</p> <p>(iii) (where the Unitholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.</p> <p>Live voting will be conducted during the EGM. It is important for Unitholders and proxies to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities. Unitholders and proxies should also have their Confirmation Email containing their unique user credentials handy, for reference, as they will be required to log-in using their unique user credentials following the instructions set out in the Confirmation Email provided to them. Instructions will be provided at the start of the EGM on how to vote.</p> <p>Unitholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting on their behalf must do both of the following:</p> <p>(i) complete and submit the Proxy Form in accordance with the instructions below; and</p> <p>(ii) pre-register the proxy(ies) at the Pre-Registration Page by 9 October 2022 (Sunday), 10.00 a.m.;</p> <p>Duly completed Proxy Forms must be deposited with E-LOG:</p> <p>(i) via post to the office of the Unit Registrar of E-LOG at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632;</p> <p>(ii) via email to <a href="mailto:SRS.TeamE@boardroomlimited.com">SRS.TeamE@boardroomlimited.com</a> (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or</p> <p>(iii) (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.</p> <p>Proxy Forms must be received by E-LOG by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM).</p> <p><u>Voting by Relevant Intermediary Unitholders and CPF/SRS investors</u></p>
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		<p>Relevant Intermediary Unitholders and CPF/SRS investors who wish to vote at the EGM should approach their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators as soon as possible. In the case of CPF/SRS investors, they must do so at least seven (7) working days before the EGM (i.e. by 3 October 2022 (Monday), 5.00 p.m.).</p> <p>Relevant Intermediary Unitholders and CPF/SRS investors may:</p> <ul style="list-style-type: none"> <li>(i) vote “live” at the Physical Meeting or Virtual Meeting, if they are appointed as proxies by their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators; or</li> <li>(ii) specify their voting instructions to / arrange for their votes to be submitted with their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators (in the case of CPF/SRS investors, by the date specified above).</li> </ul> <p>“Relevant Intermediary” means:</p> <ul style="list-style-type: none"> <li>(i) a banking corporation licensed under the Banking Act 1970, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;</li> <li>(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or</li> <li>(iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.</li> </ul>
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## NOTICE OF EXTRAORDINARY GENERAL MEETING



### ESR-LOGOS REAL ESTATE INVESTMENT TRUST

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING OF UNITHOLDERS OF ESR-LOGOS REIT

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of the holders of units of ESR-LOGOS REIT (“**E-LOG**”, and the holders of units of E-LOG, “**Unitholders**”) will be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593, and by way of electronic means on Wednesday, 12 October 2022 at 10.00 a.m. (Singapore time), to consider and, if thought fit, to pass, with or without modifications, the following resolution:

#### ORDINARY RESOLUTION

#### THE PROPOSED ACQUISITION OF 100.0% INTEREST IN ESR SAKURA DC (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION

RESOLVED that:

- (i) approval be and is hereby given for the acquisition of the logistics property known as ESR Distribution Centre located at 2464-11 and others, Ota, Sakura-shi, Chiba-ken (“**ESR Sakura DC**”), by way of an acquisition of 100% of the trust beneficiary interest in ESR Sakura DC (the “**Japan Acquisition**”);
- (ii) the entry into the sale and purchase agreement with ESR 34 GK (the “**Sponsor Vendor**”) to acquire 100% of the trust beneficiary interest in ESR Sakura DC (the “**Japan Sale and Purchase Agreement**”), and all documents required to be executed or assigned by the parties in order to give effect to the Japan Acquisition, is hereby approved and (as the case may be) ratified;
- (iii) approval be and is hereby given for the payment of all fees and expenses relating to the Japan Acquisition; and
- (iv) ESR-LOGOS Funds Management (S) Limited (as manager of E-LOG) (the “**Manager**”), any director of the Manager (“**Director**”), and RBC Investor Services Trust Singapore Limited, as trustee of E-LOG (the “**Trustee**”), be and are hereby severally authorised to complete and do all such acts and things (including

executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of E-LOG to give effect to the Japan Acquisition, and all transactions contemplated under the Japan Acquisition, and in this connection, the board of directors of the Manager (the “**Board**”) be hereby authorised to delegate such authority to such persons as the Board deems fit.

## **BY ORDER OF THE BOARD**

### **ESR-LOGOS Funds Management (S) Limited**

(Company Registration No.: 200512804G, Capital Markets Services Licence No.: CMS 100132)

(as Manager of ESR-LOGOS REIT)

### **Adrian Chui**

Chief Executive Officer and Executive Director

27 September 2022

#### **Notes:**

1. E-LOG will be conducting the EGM at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593 (the “**Physical Meeting**”) and by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**Virtual Meeting**”). Any reference to a time of day is made by reference to Singapore time.
2. **Online Pre-registration required to attend the Physical Meeting or Virtual Meeting:**
  - (a) Unitholders and investors who hold Units through the Central Provident Fund (“**CPF**”) or the Supplementary Retirement Scheme (“**SRS**”) (“**CPF/SRS investors**”) who wish to attend either the Physical Meeting or the Virtual Meeting must pre-register online at <https://smartagm.sg/esrlogosreitegm12October2022> (the “**Pre-Registration Page**”) by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM). Unitholders and CPF/SRS investors can scan the QR Code below to pre-register for the Physical Meeting or the Virtual Meeting.



- (b) Persons and entities who hold Units through a Relevant Intermediary (as defined below) (“**Relevant Intermediary Unitholders**”) who wish to attend the Physical Meeting or the Virtual Meeting 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/its name, email address and NRIC / passport number or UEN number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte.

Ltd., at SRS.TeamE@boardroomlimited.com no later than 9 October 2022 (Sunday), 10.00 a.m.

### 3. Conduct of the EGM

- (a) The Manager may restrict the number of in-person attendees at the Physical Meeting taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time. Attendees must bring their original NRIC/Passport for verification and registration on the day of the EGM, must comply with all safety measures put in place by the building management and must abide by all safety measures put in place at the Physical Meeting, failing which they may not be admitted into or may be asked to leave the Physical Meeting.
- (b) The proceedings of the EGM will also be broadcast through a live webcast comprising both video (audio-visual) and audio-only needs.
- (c) Following successful verification by the Manager, authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who have been pre-registered for the EGM will receive by 11 October 2022 (Tuesday), 5.00 p.m., a confirmation email which contains unique user credentials, details of the Physical Meeting, instructions on how to access the live audio-visual webcast / live audio-only stream of the EGM proceedings, and other relevant matters (the “**Confirmation Email**”).
- (d) Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders who do not receive the Confirmation Email by 11 October 2022 (Tuesday), 5.00 p.m. but have pre-registered for the Physical Meeting or the Virtual Meeting (as the case may be) by the deadline of 9 October 2022 at 10.00 a.m., should contact the Unit Registrar of E-LOG, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.

### 4. Submission of Questions:

- (a) All authenticated Unitholders, proxies, CPF/SRS investors and Relevant Intermediary Unitholders will be able to pose questions “live” during the EGM, either by raising questions verbally at the Physical Meeting or by submitting them electronically during the live audio-visual webcast. Instructions will be provided at the start of the EGM on how questions can be submitted electronically.
- (b) In addition, all Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders can and are strongly encouraged to submit questions relating to the business of the EGM in advance of the EGM up till 5 October 2022 (Wednesday), 5.00 p.m., in the following manner:
  - (i) Unitholders and CPF/SRS investors may submit their questions on the Pre-Registration Page or via email to ir@esr-logosreit.com.sg or by post addressed to Investor Relations at 8 Changi Business Park Avenue 1 #05-51 ESR BizPark @ Changi (South Tower) Singapore 486018. Submission electronically on the Pre-Registration Page or by email is strongly encouraged.
  - (ii) Relevant Intermediary Unitholders (excluding CPF/SRS investors) may submit questions through their Relevant Intermediary, who in turn should submit a consolidated list of questions to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com.
- (c) Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders who submit questions in advance of the EGM should provide the following information to the Manager (or, in the case of Relevant Intermediary Unitholders, their Relevant Intermediary) for verification purposes:
  - (i) your full name;
  - (ii) your address, contact number and email; and
  - (iii) the manner in which you hold Units (if you hold Units directly, please provide your CDP account number; otherwise, please state if you hold your Units through CPF or SRS, or are a Relevant Intermediary Unitholder).
- (d) The Manager will address all substantial and relevant questions received in advance, via an announcement on SGXNET via the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements> and E-LOG’s website at <https://esr-logosreit.listedcompany.com/meetings.html> by 7 October 2022 (Friday), 10.00 a.m. (being



48 hours prior to the closing date and time for the lodgement of the proxy forms).

#### 5. Voting by Unitholders:

Unitholders who wish to exercise their voting rights at the EGM may:

- (a) (where the Unitholder is an individual) attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting;
- (b) (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting on their behalf; and
- (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.

Live voting will be conducted during the EGM. **It is important for Unitholders and proxies to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.** Unitholders and proxies should also have their Confirmation Email containing their unique user credentials handy, for reference, as they will be required to log-in using their unique user credentials following the instructions set out in the Confirmation Email provided to them. Instructions will be provided at the start of the EGM on how to vote. Unitholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting on their behalf must do both of the following:

- (a) complete and submit the Proxy Form in accordance with the instructions below; and
- (b) pre-register the proxy(ies) at the Pre-Registration Page by 9 October 2022 (Sunday), 10.00 a.m.;

Duly completed Proxy Forms must be deposited with E-LOG:

- (i) via post to the office of the Unit Registrar of E-LOG at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632;
- (ii) via email to SRS.TeamE@boardroomlimited.com (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or
- (iii) (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.

Note: Please refer to the Notes to the Proxy Form for additional documentary requirements in the event the Proxy Form is signed by an attorney or duly authorised officer or executor(s) on behalf of a deceased individual’s estate.

Proxy Forms must be received by E-LOG by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM). Proxy Forms can be downloaded from E-LOG’s website at <https://esr-logosreit.listedcompany.com/meetings.html> or the SGX-ST’s website <https://www.sgx.com/securities/companyannouncements>. In the Proxy Form, a Unitholder should specifically direct the proxy on how he/she is to vote for, vote against, or abstain from voting on, each of 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 proxy (including the Chairman of the EGM) may vote or abstain from voting at his/her discretion.

Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies (including the Chairman of the EGM) shall be deemed to be revoked if a Unitholder attends the EGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

A Unitholder (who is not a Relevant Intermediary) is entitled to appoint one or two proxies to attend and vote in his/her/its stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the number of Units to be represented by each proxy.

A Unitholder who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints two or more proxies, the appointments shall be invalid unless such Unitholder specifies the number of Units to be represented by each proxy.

In this Notice of EGM, “**Relevant Intermediary**” means:

- (A) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (B) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds Units in that capacity; or
- (C) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Unitholders are strongly encouraged to submit completed Proxy Forms via email or submit the e-Proxy Form via the Pre-Registration Page. Please refer to the Proxy Form for further information.**

**6. Voting by Relevant Intermediary Unitholders and CPF/SRS investors:**

Relevant Intermediary Unitholders and CPF/SRS investors who wish to vote at the EGM should approach their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators as soon as possible. In the case of CPF/SRS investors, they must do so at least seven (7) working days before the EGM (i.e. by 3 October 2022 (Monday), 5.00 p.m.).

Relevant Intermediary Unitholders and CPF/SRS investors may:

- (a) vote “live” at the Physical Meeting or Virtual Meeting, if they are appointed as proxies by their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators; and
- (b) specify their voting instructions to / arrange for their votes to be submitted with their respective Relevant Intermediaries / CPF Agent Banks / SRS Operators (in the case of CPF/SRS investors, by the date specified above).

Documents and information relating to the EGM (including this Notice of EGM, Circular to Unitholders and the Proxy Form) are available on E-LOG’s website at <https://esr-logosreit.listedcompany.com/meetings.html>, and on the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>. Unitholders and CPF/SRS investors can scan the QR Code below to access the Circular to Unitholders and the Proxy Form.



Printed copies of the Circular to Unitholders will not be despatched to Unitholders, unless otherwise requested. For Unitholders’ convenience, printed copies of this Notice of EGM, the Proxy Form and the Request Form for Unitholders to request for a printed copy of the Circular to Unitholders (the “Request Form”) have been despatched to Unitholders. Unitholders may request for the printed Circular to Unitholders by completing and returning the Request Form to the Manager by 4 October 2022 (Tuesday), 5.00 p.m..

In view of the COVID-19 situation, Unitholders should note that the manner of conduct of the EGM may be subject to further changes at short notice. Unitholders are advised to check E-LOG’s website at <https://esr-logosreit.listedcompany.com/meetings.html> and SGXNET regularly for updates. Alternatively, Unitholders may sign up for email alerts here ([https://esr-logosreit.listedcompany.com/email\\_alerts.html](https://esr-logosreit.listedcompany.com/email_alerts.html)) to receive the latest

**updates.**

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), recording and transmitting images and/or voice recordings when broadcasting the EGM proceedings through live audio-visual webcast / live audio-only stream, and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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# ESR-LOGOS REIT

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

Managed by ESR-LOGOS FUNDS MANAGEMENT (S) LIMITED  
(Company Registration Number: 200512804G)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT:

1. Holders of units in ESR-LOGOS REIT (“Unitholders”) who wish to exercise their voting rights at the EGM (as defined below) may:
  - (a) (where the Unitholder is an individual) attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting;
  - (b) (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote “live” at the Physical Meeting or Virtual Meeting on their behalf; and
  - (c) (where the Unitholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.
2. Unitholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to vote “live” at the Physical Meeting or Virtual Meeting on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions in the Notes below, pre-register the proxy(ies) at the Pre-Registration Page by 9 October 2022 (Sunday), 10.00 a.m..
3. For investors holding units of ESR-LOGOS REIT through a Relevant Intermediary (as defined below) (“**Relevant Intermediary Unitholders**”) and investors who hold Units through the Central Provident Fund or the Supplementary Retirement Scheme (“**CPF/SRS investors**”), this Proxy Form is **NOT VALID FOR USE** and shall be ineffective for all intents and purposes if used or purported to be used by such investors. Relevant Intermediary Unitholders who wish to vote at the EGM should approach their Relevant Intermediary as soon as possible. CPF/SRS investors who wish to vote at the EGM should approach their respective CPF Agent Banks/SRS Operators at least seven working days before the EGM (i.e. by 3 October 2022 (Monday), 5.00 p.m.) to ensure that their votes are submitted.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

### Personal data privacy

By submitting an instrument appointing a proxy, the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 27 September 2022.

I/We \_\_\_\_\_ insert Full Name and NRIC no./Passport no./UEN no.)  
of \_\_\_\_\_ (Address)  
being a unitholder/unitholders of ESR-LOGOS REIT (“**E-LOG**”), hereby appoint

Name	Email Address	NRIC/Passport no.	Proportion of Unitholdings (Note 5)	
			No. of Units	%

Name	Email Address	NRIC/Passport no.	Proportion of Unitholdings (Note 5)	
			No. of Units	%

or failing whom, the Chairman of the extraordinary general meeting (“**EGM**”), as my/our proxy to attend, to speak (as applicable) and to vote for me/us on my/our behalf at the EGM of E-LOG to be held at Suntec Singapore Convention & Exhibition Centre, Level 3, Nicoll 2, 1 Raffles Boulevard, Singapore 039593 and by way of electronic means at 10.00 a.m. on 12 October 2022 (Wednesday), and at any adjournment thereof. I/We direct my/our proxy(ies) to vote (i) for, (ii) against, or (iii) abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder<sup>#</sup>. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she may on any other matter arising at the EGM. In the event the Unitholder does not indicate any name above or the individual named by the Unitholder does not turn up at the EGM, the Chairman of the EGM will be the proxy and will vote or abstain from voting based on the directions indicated hereunder and if no specific direction as to voting is given, the Chairman of the EGM will vote or abstain from voting at his/her discretion, as he/she may on any other matter arising at the EGM.

No.	Ordinary Resolution	For*	Against*	Abstain*
1	To approve the Proposed Acquisition of 100% Trust Beneficiary Interest in ESR Sakura DC, as an Interested Person Transaction			

<sup>#</sup> You should specifically direct the proxy(ies) on how he/she is to vote for, vote against, or abstain from voting on, the resolutions.

\* If you wish to exercise all your votes “For”, “Against” or “Abstain”, please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

**Total number of Units held  
(Note 4)**

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Signature(s) of Unitholder(s)/Common Seal



Postage will  
be paid by  
addressee.  
For posting in  
Singapore only.

**BUSINESS REPLY SERVICE  
PERMIT NO. 08027**



**ESR-LOGOS FUNDS MANAGEMENT (S) LIMITED**  
(as Manager of ESR-LOGOS REIT)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue,  
Keppel Bay Tower #14-07,  
Singapore 098632

2<sup>nd</sup> fold here

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes to Proxy Form**

- Unitholders who wish to exercise their voting rights at the EGM may:
  - (where the Unitholder is an individual) attend the EGM and vote "live" at the Physical Meeting or Virtual Meeting;
  - (where the Unitholder is an individual or a corporate) appoint proxy(ies) (other than the Chairman of the EGM) to attend the EGM and vote "live" at the Physical Meeting or Virtual Meeting on their behalf; and
  - (where the Unitholder is an individual or a corporate) appoint the Chairman of the EGM as proxy to vote on their behalf.
- Unitholders who wish to appoint proxy(ies) (other than the Chairman of the EGM) to vote "live" at the Physical Meeting or Virtual Meeting on their behalf must, in addition to completing and submitting this Proxy Form in accordance with the instructions below, pre-register the proxy(ies) at <https://smartagm.sg/esrlogosreitegm12October2022> (the "**Pre-Registration Page**") by 9 October 2022 (Sunday), 10.00 a.m..
- In this Proxy Form, a Unitholder should specifically direct the proxy(ies) on how he/she is to vote for, vote against, or abstain from voting on, the resolutions 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 proxy(ies) (including the Chairman of the EGM) may vote or abstain from voting at his/her discretion.
- A Unitholder should insert the total number of Units entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"). If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder in the Depository Register.
- A Unitholder (who is not a Relevant Intermediary) is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its Unitholding (expressed as a percentage of the whole) to be represented by each proxy.
  - A Unitholder who is a Relevant Intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints two or more proxies, the appointments shall be invalid unless such Unitholder specifies the number of Units to be represented by each proxy.
- "Relevant Intermediary" means:
  - a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
  - the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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- The duly completed Proxy Form must be deposited:
  - by post to the office of the Unit Registrar of E-LOG at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632;
  - by email to [SRS.TeamE@boardroomlimited.com](mailto:SRS.TeamE@boardroomlimited.com) (by enclosing a clear, scanned, completed and signed Proxy Form in PDF); or
  - (only for individuals who hold Units directly with CDP) via electronic submission of the e-Proxy Form at the Pre-Registration Page.The Proxy Form must be received by E-LOG by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the EGM). Unitholders are strongly encouraged to submit completed Proxy Forms via email or submit the e-Proxy Form via the Pre-Registration Page.
- Completion and submission of the Proxy Form shall not preclude a Unitholder from attending, speaking and voting at the EGM. Any appointment of a proxy or proxies (including the Chairman of the EGM) shall be deemed to be revoked if a Unitholder attends the EGM, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
- The Proxy Form must be executed under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer or by executor(s) on behalf of a deceased individual's estate, the power of attorney or other relevant authority under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be deposited by post to the office of the Unit Registrar of E-LOG at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632, or by email to [SRS.TeamE@boardroomlimited.com](mailto:SRS.TeamE@boardroomlimited.com), and must be received by E-LOG by 9 October 2022 (Sunday), 10.00 a.m. (being 72 hours before the time appointed for the EGM), failing which the Proxy Form may be treated as invalid. In the event of any doubt, please email [SRS.TeamE@boardroomlimited.com](mailto:SRS.TeamE@boardroomlimited.com).
- The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed, unsigned, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
- All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
- Every Unitholder shall have one vote for every Unit of which he/she/it is the Unitholder. A person entitled to more than one vote need not use all his/her/its votes or cast them the same way.





