



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

US\$70.0 MILLION INVESTMENT IN ESR JAPAN INCOME FUND

1. INTRODUCTION

ESR-LOGOS Funds Management (S) Limited, in its capacity as manager of ESR-LOGOS REIT (“**E-LOG**”, and the manager of E-LOG, the “**Manager**”) is pleased to announce that a subscription agreement has been entered into on 1 February 2024 between ESR-LOGOS REIT INV3 Pte. Ltd., being a wholly-owned subsidiary of E-LOG (the “**INV3**”) with ESR Japan Income Fund, SCSp (“**JIF SCSp**”), acting through its managing general partner (*associé gérant commandité*) in relation to E-LOG’s investment of US\$70.0 million in ESR Japan Income Fund (“**JIF**”) ¹ (the “**Investment**”, and the subscription agreement entered into in relation to the Investment, the “**Subscription Agreement**”).

The subscription amount of US\$70.0 million is intended to be funded by debt (the “**Subscription Amount**”) ² and may be drawn down upon from time to time by the JIF General Partner (as defined below). Following entry into the Subscription Agreement, E-LOG’s Subscription Amount represents approximately 8.4% ³ of the current total commitments from JIF’s current limited partners.

2. INFORMATION ON JIF SCSp AND JIF

2.1 Description of JIF SCSp and JIF

JIF SCSp is a special limited partnership (*société en commandite spéciale*) incorporated under the laws of the Grand Duchy of Luxembourg. JIF SCSp qualifies as an alternative investment fund as per Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the “**AIFMD**”) (as implemented in Luxembourg).

The principal purpose of JIF is to carry on the business of making, monitoring and realising investments in stabilised core logistics assets and development logistics assets in Japan

1 JIF is an investment arrangement which consists of JIF SCSp and ESR Nippon Income Fund IBLP, a Japanese investment business limited partnership (*toshi jigyo yugen sekinin kumiai*) incorporated under the laws of Japan (“**IBLP**”). For the avoidance of doubt, investors in JIF may subscribe through either JIF SCSp or IBLP and E-LOG has in the present scenario invested in JIF through JIF SCSp.

2 The Subscription Amount will be paid in Japanese Yen and converted from the equivalent of US\$70.0 million. The debt is expected to be denominated in Japanese Yen to provide a natural hedge.

3 This figure may change in the future, depending on, among others, further subscriptions in JIF by third parties, E-LOG or otherwise.

including logistics warehouses and light industrial assets located in Tokyo, Osaka, Nagoya and Fukuoka. As at the date of this announcement, JIF has under its management five properties, namely ESR Nanko DC 1, ESR Toda DC, ESR Kawasaki Yako DC, ESR Amagasaki DC and ESR Aisai DC (collectively, the “**JIF Properties**”).

JIF SCSp has been granted the Enhanced-Tier Fund Tax Incentive Scheme by the Monetary Authority of Singapore (the “**MAS**”) under which, subject to certain requirements being met, the Luxembourg and Singapore entities under JIF SCSp would be exempt from Singapore income tax.

As at the date of this announcement:

- (i) JIF SCSp is managed by ONE Fund Management S.A. (the “**JIF Manager**”) wherein the JIF Manager has been appointed, pursuant to an alternative investment fund management agreement dated 7 October 2021, to act as the alternative investment fund manager of JIF SCSp in accordance with the Alternative Investment Fund Managers Directive (as implemented in Luxembourg)⁴;
- (ii) the JIF Manager has, pursuant to an investment management agreement dated 7 October 2021, appointed ESR Singapore Pte. Ltd., a wholly-owned subsidiary of ESR Group Limited, being the sponsor of E-LOG (the “**Sponsor**”), to act as the investment manager for JIF SCSp (the “**JIF Portfolio Manager**”)⁵; and
- (iii) ESR Luxembourg GP S.à r.l. is the general partner of JIF SCSp (the “**JIF General Partner**”)⁶ and the JIF General Partner is a wholly-owned subsidiary of the Sponsor and the JIF Portfolio Manager.

2.2 Structure of JIF

As at the date of this announcement, JIF has an indirect aggregate economic interest of 99.5% in Marlin TMK (“**Marlin TMK**”), a Japan *tokutei mokuteki kaisha* (“**TMK**”) ⁷. Marlin TMK, through a *tokumei-kumiai* (“**TK**”) agreement, in turn holds 100% of the trust beneficiary interest⁸ in four logistics assets, namely ESR Nanko DC 1, ESR Kawasaki Yako DC, ESR

4 The role of the JIF Manager is to be entrusted with the following investment management functions: (i) portfolio management; and (ii) risk management services. Additionally, JIF SCSp has also entrusted the JIF Manager with the following functions: (i) administration (valuation, accounting and net asset value calculation, fund administration and registrar and transfer agency services); (ii) distribution and marketing services; and (iii) activities related to the Interests of JIF SCSp. These functions are those referred to in Annex 1 of Luxembourg law of 12 July 2013 implementing the AIFMD, as amended from time to time.

5 The role of the JIF Portfolio Manager is to notably, act as delegate of the JIF Manager with respect to the portfolio management functions in relation to JIF SCSp’s investments and reinvestment of JIF SCSp’s cash, securities and other assets comprising JIF.

6 The role of the JIF General Partner is to act as the managing general partner of JIF SCSp and to, among others, generally be responsible for the management, operation and control of the business and affairs of JIF SCSp, supervise delegates, admit investors to JIF SCSp and procure any requisite registration of investors in JIF SCSp, and ensure that the procurement of the filing and notification requirements under Luxembourg Law and the relevant limited partnership agreement are duly satisfied.

7 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.

8 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.

Toda DC, ESR Aisai DC, and 50% of the trust beneficiary interest in ESR Amagasaki DC.

2.3 Description of the JIF Properties

The JIF Properties are valued at an aggregate valuation of approximately S\$1,744.7 million⁹ and are sited on freehold land located across Japan. The JIF Properties have a total land area and gross floor area (“GFA”) of 353,065 sqm and 727,557 sqm respectively. The table below sets out certain information on the JIF Properties as at 31 December 2023.

	ESR Nanko DC 1	ESR Toda DC	ESR Kawasaki Yako DC	ESR Amagasaki DC	ESR Aisai DC	Total / Average
City	Osaka	Tokyo	Tokyo	Osaka	Nagoya	-
JIF's Ownership	100%	100%	100%	50%	100%	-
Building Description	4-storey double ramp logistics facility	4-storey slope type logistics facility	4-storey slope type logistics facility	6-storey double ramp logistics facility	4-storey single ramp logistics facility	-
Land Area (sqm)	57,047	40,746	36,364	185,533	33,375	353,065
GFA (sqm)	113,917	83,238	78,455	388,589	63,359	727,557
Remaining Land Lease (years)	Freehold	Freehold	Freehold	Freehold	Freehold	-
Occupancy	100%	100%	100%	100%	100%	100%
Weighted Average Lease Expiry (“WALE”) by Rental Income (years)	2.0	6.9	7.5	2.4	3.4	4.2
Age of Building by Gross Asset Value (“GAV”) (years)	7.1	3.3	2.7	3.5	3.2	3.9
Manager's Valuation by Daiwa Kantei (S\$ million)⁽¹⁾	306.3	409.6	280.2	606.1	155.5	1,757.7
Trustee's (as defined herein) Valuation by Colliers International Japan KK (S\$ million)⁽¹⁾	307.0	404.2	277.4	609.8	159.2	1,757.5

Note:

⁹ As at 31 December 2023. Based on an exchange rate of JPY100 : S\$0.931.

(1) Based on an exchange rate of JPY100 : S\$0.931.

2.4 Investment Mandate and Criteria of JIF

The table below sets out a summary of selected key information in respect of JIF's investment mandate and criteria:

Key Information in Respect of JIF's Investment Mandate and Criteria	
Location	Located in the greater urban areas of Tokyo, Osaka, Nagoya and Fukuoka which are let and completed by the Sponsor
Criteria	<p>The properties invested in by JIF:</p> <ul style="list-style-type: none"> (i) save for Non-Income Producing Transactions (as defined below), shall be tenanted with at least 90% occupancy or with no more than one leasing unit vacant at the time of acquisition; (ii) shall be a stabilised core logistics asset (including logistics warehouses, light industrial assets and high-bay logistics warehouses); and (iii) shall include: <ul style="list-style-type: none"> (a) warehouses as small as 4,000 tsubo of net rentable area, generally of box type designed and aimed at single occupancy (b) very large and /or multi tenanted ramped warehouse; and (c) built to suit buildings including buildings intended for light manufacturing and/or assembly use and high bays/ Automated Storage and Retrieval Systems <p>provided that they have a generic design, are suitable for reletting or are under a long lease (more than 10 years).</p> <p>Additionally, JIF may invest in non-income producing transactions, which include, but are not limited to, forward-funding of developments, ("Non-Income Producing Transactions") which comply with, among others, the above investment criteria of JIF.</p>
Restrictions	<p>The following restrictions shall be imposed on the investments made by JIF which include, among others, restrictions that:</p> <ul style="list-style-type: none"> (i) at least 50% of JIF's total investments (by GAV) shall be located in Greater Tokyo with a maximum of 35% to be located in Osaka and a maximum of 15 % in Nagoya and Fukuoka. This restriction will only be applicable after the investment made by JIF located in Tokyo causes JIF's investments located in Greater Tokyo to exceed 50% of JIF's total investments (by GAV). The approval by the IAC (as defined below) shall be required if JIF intends to acquire an Investment not located in Tokyo which is expected to bring JIF's concentration of investments located in Greater Tokyo

Key Information in Respect of JIF's Investment Mandate and Criteria	
	to below 50%; and (ii) no single tenant shall make up more than 25% of the fund's income unless approval by the IAC is obtained.
Leverage Limits	Investments made by JIF shall adhere to, among others, a leverage limit whereby the loan-to-value ratio of JIF's portfolio shall not exceed 60% of JIF's reported property GAV.

2.5 Description of Potential Pipeline Assets of JIF

In line with JIF's investment mandate and criteria, JIF is considering the potential acquisition of certain pipeline assets in Japan to expand its portfolio. The estimated total portfolio size is approximately S\$1.1 billion, with a total gross floor area of 490,917sqm. These freehold assets are newly constructed. Certain information of these potential pipeline assets as at 31 December 2023 are set out below.

	Asset 1	Asset 2	Asset 3	Asset 4	Total / Average
City	Tokyo	Nagoya	Fukuoka	Tokyo	-
Building Description	4-storey slope type logistics facility with seismic base isolation	4-storey double ramp logistics facility	3-storey slope type logistics facility	4-storey double ramp logistics facility with seismic base isolation	-
Land Area (sqm)	32,227	79,066	44,878	90,283	246,453
GFA (sqm)	69,524	155,332	70,719	195,342	490,917
Remaining Land Lease (years)	Freehold	Freehold	Freehold	Freehold	-
Age of Building by GAV (years)	1.3	1.7	1.0	1.9	1.6

2.6 Other Key Information of JIF

The table below sets out a summary of selected key information in respect of JIF:

Key Information in Respect of JIF	
Valuation of JIF	JIF's properties will be valued every quarter by an independent appraiser (with a desktop valuation for each quarter ending on 31 March and 30 September of each year). A formal valuation for the quarter periods will be conducted on the end of 30 June and 31 December each year.

Key Information in Respect of JIF	
	<p>The value of JIF's properties and liabilities of JIF for the purposes of determining its net asset value ("NAV") shall be valued at fair value in accordance with the INREV¹⁰ Guidelines (subject to any adjustments).</p> <p>The NAV of each unit in JIF will be denominated in Japanese Yen.</p>
Distribution Policy	<p>JIF will use commercially reasonable efforts to distribute at least 90% of distributable proceeds to the limited partners of JIF, and 100% of Marlin TMK's taxable income.</p> <p>Distributions from JIF will be paid semi-annually in Japanese Yen.</p>
Investor Advisory Committee ("IAC")	<p>The IAC shall comprise of up to seven voting representatives and shall meet at least once every calendar year.</p> <p>The role of the IAC is to:</p> <ul style="list-style-type: none"> (a) review JIF's investment strategy; (b) consider, review and approve (by way of consent obtained from the IAC members who together hold at least 75% of the outstanding units of the aggregate number of units in JIF held by the IAC members (the "IAC Supermajority Consent")) any actual or potential material conflicts of interest between: (i) JIF; and (ii) the JIF General Partner, the JIF Manager, any advisor, any of their respective affiliates and/or any affiliated fund; (c) consider any other issues requiring review or approval by the IAC as per terms of the JIF limited partnership agreement; and (d) consider, review and approve any investments not in accordance with the investment mandate or criteria. <p>As at the date of this announcement, INV3, and by extension E-LOG, does not have a voting representative on the IAC.</p>
Fund Fees	<p>The JIF General Partner and its affiliates are entitled to charge and receive from JIF, pursuant to relevant agreements, an investment management fee, a general partner fee, an asset management fee, an acquisition fee, an income incentive fee, a leasing fee, a property management fee and a project management fee (collectively, the "Fund Fees").</p> <p>Where the amount of Fund Fees payable to the JIF General Partner and its affiliates overlaps with the fees the Manager would be entitled to under the deed of trust constituting E-LOG (the "Trust Deed"), the Manager will reduce, or waive, the Manager's Base Fee, Performance Fee or Acquisition Fee under the Trust Deed (as the case may be).</p>

¹⁰ INREV refers to the European Association for Investors in Non-Listed Real Estate Vehicles.

Key Information in Respect of JIF	
	<p>To the extent applicable, the Manager will ensure that there is no double counting of fees.</p> <p>For the avoidance of doubt, the property management fee, project management fee and leasing fee that the JIF General Partner and its affiliates are entitled to charge and receive from JIF will not overlap with any of the fees the Manager will be entitled to under the Trust Deed and other management agreements entered into between E-LOG and related entities of the Sponsor.</p>
Duration of Fund	Perpetual

3. PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement include, among others, the following:

- (i) E-LOG, through INV3, agreeing to apply and offer to become a limited partner in JIF with a commitment of such amount or amounts up to the Subscription Amount, as the JIF General Partner may decide to accept in its absolute and unfettered discretion in accordance with the Subscription Agreement;
- (ii) should the JIF General Partner agree to E-LOG's application and offer set out in paragraph 3(i) above, E-LOG, through INV3, shall become a limited partner on, and will adhere to, the terms of an amended and restated limited partnership agreement as amended and/or supplemented from time to time (the "**JIF LP Agreement**");
- (iii) E-LOG, through INV3, agrees to make contributions in respect of the Subscription Amount in accordance with the JIF LP Agreement; and
- (iv) customary provisions relating to the Investment, including limited representations, warranties, acknowledgements and confirmations.

4. PRINCIPAL TERMS OF THE JIF LP AGREEMENT

Pursuant to the terms of the JIF LP Agreement, the JIF General Partner may give E-LOG, through INV3, not less than 10 business days' prior written notice of any required drawdown of the Subscription Amount or any other amounts required to be paid pursuant to the JIF LP Agreement (the "**Drawdown Notice**"). Upon receipt of the funds pursuant to a Drawdown Notice, E-LOG, through INV3, shall be issued with units in JIF in accordance with the provisions of the JIF LP Agreement.

Subject to other provisions in the JIF LP Agreement, the number of units in JIF to be issued shall be equal to the amount of such contribution made pursuant to the Drawdown Notice divided by the NAV per unit of JIF calculated as of the immediately preceding Valuation

Date¹¹ and in accordance with the JIF LP Agreement. Should the calculation result in a fractional number, such number shall be rounded down to give the number of whole units in JIF to be issued.

E-LOG, through INV3, shall be committed to providing the Subscription Amount pursuant to a drawdown notice for a period of two years starting from the date on which the JIF General Partner agree to E-LOG's application and offer as set out in paragraph 3(i) above (the "**Commitment Period**"). The Commitment Period may be extended:

- (i) For an additional period to be notified by the JIF General Partner to E-LOG, through INV3 (which for the avoidance of doubt, shall not be less than one year), in the event the JIF General Partner allocates amounts of the undrawn Subscription Amount to Non-Income Producing Transactions. The JIF General Partner shall provide E-LOG, through INV3, with the amount of the undrawn commitment which has been allocated to Non-Income Producing Transactions and the expected timeframe for deployment of such undrawn commitments into such Non-Income Producing Transactions; or
- (ii) for an additional one year period in the event the JIF General Partner does not allocate amounts of the undrawn Subscription Amount to Non-Income Producing Transactions.

Under the terms of the JIF LP Agreement, the following matters, among others, shall require the consent of the IAC:

- (a) where the JIF General Partner reasonably determines that a restructuring of JIF is required in order for JIF to comply with the applicable law or regulation or to otherwise avoid a material adverse effect to JIF and JIF's portfolio, a proposal may be submitted by the JIF General Partner to the IAC for such proposed restructuring by way of an IAC Supermajority Consent;
- (b) considering, reviewing and approving any actual or potential material conflict of interest between (a) JIF; (b) the JIF General Partner, the JIF Manager, any advisor, any of their respective affiliate and/or affiliated fund by way of an IAC Supermajority Consent;
- (c) considering, reviewing and approving JIF's first investment in a Non-Income Producing Transaction by way of a unanimous consent from the IAC;
- (d) considering, reviewing and approving any of JIF's subsequent investment in a Non-Income Producing Transaction up to December 2025 (being expiry of the Portfolio Build Phase) by way of an IAC Supermajority Consent.

As at the date of this announcement, E-LOG's Subscription Amount represents 8.4%¹² of the current total commitments from JIF's current limited partners.

11 "**Valuation Date**" means with respect to JIF's first valuation date, the last day of Q1 2022 (or as determined otherwise by the JIF General Partner), and with respect to each other valuation date, the last day of each quarter and such other date as may be determined by the JIF General Partner from time to time.

12 This figure may change in the future, depending on, among others, further subscriptions in JIF by third parties, E-LOG or otherwise.

5. RATIONALE FOR THE INVESTMENT

The Manager believes that the Investment will bring the following key benefits to unitholders of E-LOG (“Unitholders”):

5.1 Investment Is Expected To Be DPU Accretive

The Investment is expected to be DPU accretive to Unitholders on a pro forma basis assuming that the Investment was completed on 1 January 2023.

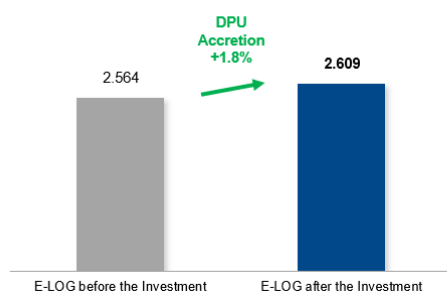
- **DPU Impact:** The Investment will result in a FY2023 *pro forma* DPU of 2.609 cents; which translates to a DPU accretion of +1.8%¹³; and
- **NAV Impact:** The Investment will result in a FY2023 *pro forma* NAV per Unit of 32.0 cents, which is not expected to significantly impact the NAV per Unit.

Transaction expected to be +1.8% DPU accretive to Unitholders

FY2023 Pro Forma DPU Accretion

(Singapore Cents)

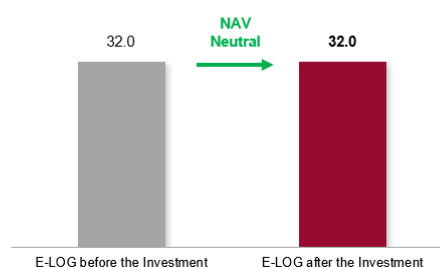
FOR ILLUSTRATIVE PURPOSES ONLY, NOT A FORWARD-LOOKING PROJECTION



FY2023 Pro Forma NAV Accretion

(Singapore Cents)

FOR ILLUSTRATIVE PURPOSES ONLY, NOT A FORWARD-LOOKING PROJECTION



5.2 Investment In JIF Will Pivot E-LOG’s Portfolio Towards Freehold New Economy And Future-Ready Sustainable Assets

5.2.1 JIF’s Portfolio Comprises New High-Quality Logistics Assets Which Are 100% Occupied

JIF’s current portfolio comprises ownership of five modern high-quality, prime freehold logistics assets strategically located across Tokyo, Osaka and Nagoya, with a GAV of approximately S\$1,744.7 million¹⁴. These assets are relatively new with an average age of 3.9 years and have been designed, developed, and built by ESR Japan. The assets are 100% occupied with a stable WALE of 4.2 years.

¹³ Please refer to paragraph 6.2.1 of this announcement for further details on how the *pro forma* DPU was calculated.

¹⁴ As at 31 December 2023.

Asset	Location	Fund Ownership %	Building Description	Land Area (sqm)	GFA (sqm)	Remaining Land Lease	Occupancy	WALE (years)	Building Age (years)
ESR Nanko 1	Osaka	100%	4-storey double ramp logistics facility	57,047	113,917	Freehold	100%	2.0	7.1
ESR Toda DC	Tokyo	100%	4-storey slope type logistics facility	40,746	83,238	Freehold	100%	6.9	3.3
ESR Kawasaki Yako DC	Tokyo	100%	4-storey slope type logistics facility	36,364	78,455	Freehold	100%	7.5	2.7
ESR Amagasaki DC	Osaka	50%	6-storey double ramp logistics facility	185,533	388,589	Freehold	100%	2.4	3.5
ESR Aisai DC	Nagoya	100%	4-storey single ramp logistics facility	33,375	63,359	Freehold	100%	3.4	3.2
Total / Average	-	-	-	353,065	727,557	-	100%	4.2	3.9

Note: Figures as at 31 December 2023

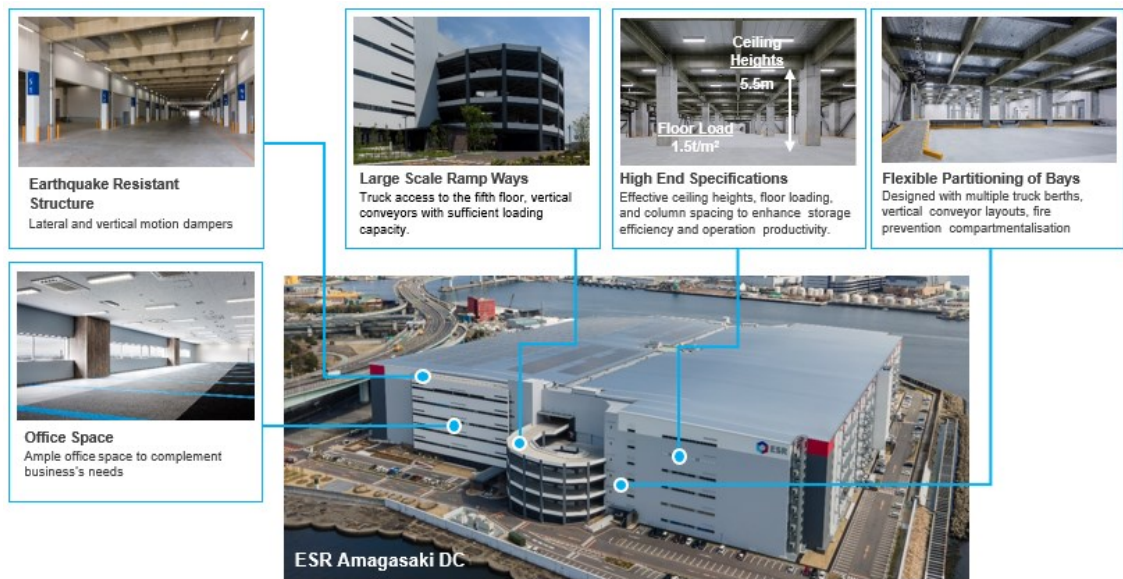
5.2.2 JIF's Portfolio Of Prime Logistics Assets Are All Freehold

Given the freehold nature of the Japan assets within the Investment, E-LOG will gain more exposure to freehold assets which do not suffer from valuation decay as a result of declining land lease, which will consequently reduce E-LOG's portfolio NAV erosion.

5.2.3 Sustainable Key Design Features In Line With E-LOG's Environmental, Social and Governance Strategy

Assets in JIF have been developed by ESR Japan. ESR-developed assets, including those currently owned by JIF, are developed to the highest functionality standards and include rooftop solar panels, green lease clauses, sustainable building certifications and ratings and onsite electric vehicle charging. In addition, for developments with a sufficient size, the Sponsor incorporates additional non-warehousing space to allow for a children day care facility called "BarnKlubb" which is intended to facilitate female participation in the staffing of logistics operations. These human centric designs ensure that the assets remain future-ready while incorporating a modern and innovative design.

An example of these key design features which can be found in JIF's logistics assets as shown below:



Environmental, Energy Efficiency, Security Measures, Enhanced Amenities

Environmental, Energy Efficiency



Solar panels for renewable energy utilisation



EV chargers allowing for usage of renewable energy



CASBEE Real Estate S Rating

Security Measures



365 days, 24/7 security and fire prevention center

Ample Amenities



Communal amenities and open space for workers family



KLÜBB Lounge: Private lounges and cafeteria space for employees



BARNKLÜBB: Free childcare facilities onsite for employees



KLÜBB Shop: 365 days, 24/7 unmanned convenience shop

The Investment is in line with E-LOG’s Environmental, Social and Governance strategy (“ESG”), and E-LOG Board is committed to further integrate ESG practices into our strategies and business decisions to deliver stable long-term returns to our Unitholders.

5.3 Japan Continues To Be An Attractive Investment Proposition For E-LOG

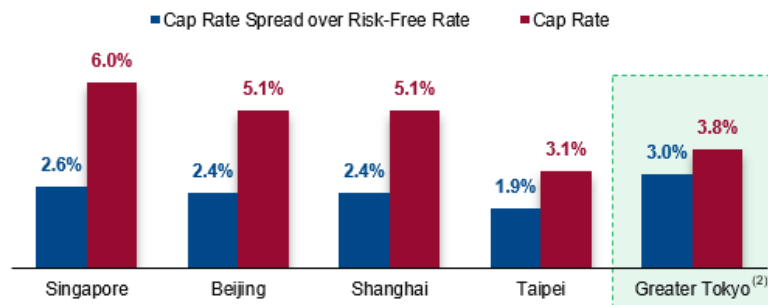
Since E-LOG’s successful maiden entry into Japan via the acquisition of ESR Sakura DC in October 2022, Japan remains an attractive investment proposition for E-LOG given its established and stable open economy, sizable and scalable growth market for logistics assets, positive yield spreads, sizable and liquid financing market and ESR Japan’s on the ground operational expertise.

5.3.1 Japanese Logistic Investments Have Attractive Yield Spreads

The yield spreads for Japanese real estate have been driven by the Bank of Japan’s (“BOJ”) adoption of a negative interest rate policy since 2016. Despite strong inflationary pressures and interest rate hikes across a majority of the G20 countries, the BOJ has maintained its negative interest rate policy through 2023. This had led

to significant depreciation of the Japanese yen against a basket of currencies including the US dollar and Singapore dollar. To address this depreciation, the BOJ had progressively relaxed its Yield Curve Control (“YCC”) policy in December 2022, July 2023 and October 2023. In its recent meeting in December 2023, the BOJ concluded unanimously that it would keep its benchmark interest rates at -0.1% while maintaining its YCC policy and keeping the upper limit for the 10Y Japanese government bond yield at 1.0% as a reference. Given that the capitalisation rates for Japanese logistics investments currently range between 3.0 – 4.5%, such investments are still yielding a positive spread even as the 10Y Japanese government bond inched closer to the upper limit of 1.0%.

Attractive Yield Spreads⁽¹⁾ for Japan Logistic Investments



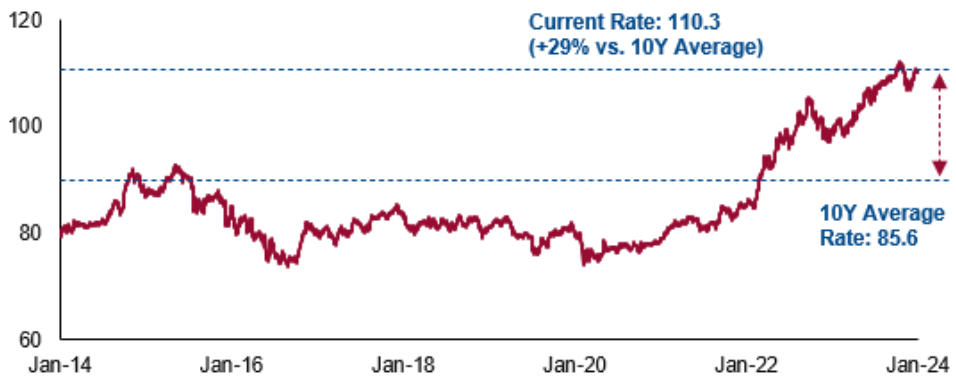
Source: MAS, Macrobond, ARES, Knight Frank Asia-Pacific, Knight Frank Consultancy.

Notes:

- (1) Refers to cap rate spread over risk-free rate. The 10-year government bond yield is taken as a proxy of 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) Greater Tokyo refers to the “23 Special Wards of Tokyo”.

The Japanese Yen has also further depreciated against the Singapore Dollar. The current exchange rate of JPY/SGD at 110.3 is 29% higher as compared to the 10Y average of 85.6, resulting in a favourable entry point for E-LOG into Japan on a cross-currency basis.

JPYSGD Chart (JPY per S\$)



Source: Bloomberg as at 31 January 2024.

5.3.2 E-LOG Can Tap On ESR Japan’s Full-fledged On The Ground Operational Expertise for Economies of Scale

ESR Japan is the leading APAC logistics platform with approximately JPY1,230 billion¹⁵ of logistics assets under management. It has designed, developed, built, and operated logistics assets since 2006 through its integrated business model with in-house capabilities throughout the entire value chain. ESR Japan is a one stop solution executed by local experts of more than 70 professionals who have established a strong local presence and track record in developing 42 logistics assets across Tokyo, Osaka, Nagoya and Fukuoka with a GFA of 4.7 million sqm. The team had also leased an average of 450,000 contracts over the past 5 years, of which 80% of the leases were leased directly.

Overview of ESR Japan⁽¹⁾



Note:

(1) Information as at 30 June 2023.

5.4 Investment is in Line with E-LOG’s “4R Strategy”

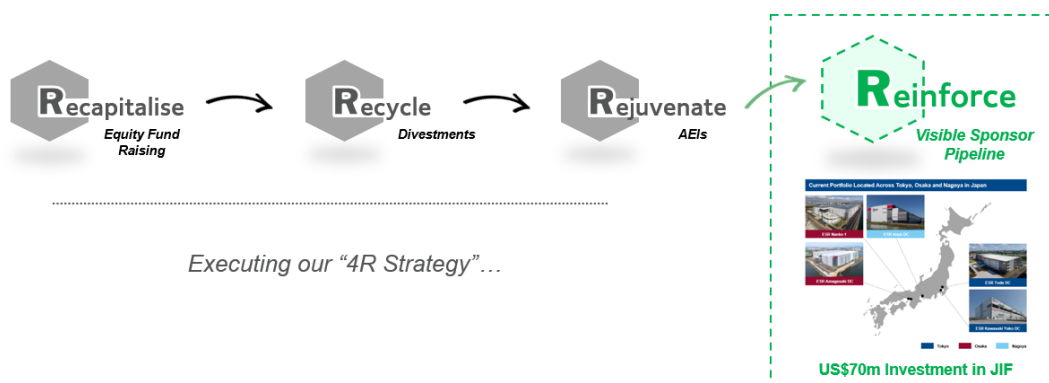
As announced by the Manager on 16 February 2023, E-LOG’s “4R Strategy” is focused on (i) **Rejuvenating** the asset portfolio, (ii) **Recycling** of capital, (iii) **Recapitalising** for growth and (iv) **Reinforcing** the Sponsor’s commitment¹⁶.

In FY2023, E-LOG completed the divestments of non-core assets for S\$440.6 million with the intention for divestment proceeds to be reinvested in New Economy assets, redevelopments and Asset Enhancement Initiatives (“AEIs”) as part of its Capital Recycling strategy. These divested non-core assets are dated assets with low building specifications, small sized footprints, and generally have a shorter remaining land lease tenure.

The Investment provides the opportunity for E-LOG to **Recycle** its divestment proceeds into a portfolio of new and freehold assets while **Reinforcing** the Sponsor’s commitment to grow E-LOG into its flagship New Economy REIT.

¹⁵ As at 30 June 2023.

¹⁶ For further details on E-LOG’s growth strategy, please refer to the announcement titled “Launch of Equity Fund Raising to Raise Gross Proceeds of Not Less than Approximately S\$300.0 Million” dated 16 February 2023.



6. FINANCIAL EFFECTS OF THE INVESTMENT

6.1 Total Transaction Outlay of the Investment

The total transaction outlay for the Investment is estimated to be approximately S\$96.9 million, comprising:

- (i) the Subscription Amount of US\$70.0 million (being approximately S\$93.0 million¹⁷) payable in cash;
- (ii) the acquisition fee of approximately S\$0.9 million payable in units in E-LOG ("Units") to the Manager; and
- (iii) other costs including debt upfront fees, the estimated professional and other fees and expenses of approximately S\$3.0 million incurred or to be incurred by E-LOG in connection with the Investment.

6.2 Pro forma financial effects of the Investment

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Investment on the distribution per unit of E-LOG ("Unit", and the distribution per Unit, the "DPU"), the NAV per Unit and the net tangible asset ("NTA") per Unit and Aggregate Leverage presented below are strictly for illustrative purposes only and are prepared based on the unaudited financial statements of E-LOG for the financial year ended 31 December 2023 ("FY2023") based on the following assumptions:

- (i) the Investment of approximately S\$93.0 million and other costs of S\$3.0 million was fully funded by Japanese Yen denominated debt with an all-in interest cost of approximately 1.5% per annum; and
- (ii) the acquisition fee of approximately S\$0.9 million payable in Units to the Manager was issued at an assumed issue price of S\$0.320, which is the closing price of E-LOG Units as at 29 December 2023 being the last trading day of 2023.

6.2.1 Pro forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Investment on the amount available for distribution to E-LOG Unitholders, the number of Units and E-LOG's DPU, and the accretion thereof, for FY2023, assuming that E-LOG made the Investment on 1 January 2023 and the Investment

¹⁷ Based on an exchange rate of US\$1.000 : S\$1.329.

was fully drawn down on 1 January 2023 and E-LOG had held the Investment through to 31 December 2023, are as follows:

	Before the Investment	After the Investment
Amount available for distribution (S\$'000)	192,698	196,149 ⁽¹⁾
Applicable Number of Units ('000)	7,515,517 ⁽²⁾	7,518,424
DPU (cents)	2.564	2.609
Accretion (%)	-	1.8%

Notes:

- (1) Assumes that the Investment yields a cash-on-cash yield of 5.0% per annum.
(2) Based on the applicable number of Units during FY2023.

6.2.2 *Pro forma NAV and NTA*

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Investment on the NAV and NTA, the number of issued Units and the NAV and NTA per Unit, as at 31 December 2023, assuming that E-LOG made the Investment on 31 December 2023 and the Investment was fully drawn down on 31 December 2023, are as follows:

	Before the Investment	After the Investment
NAV and NTA attributable to Unitholders (S\$'000)	2,463,150	2,461,150 ⁽¹⁾
Number of Units ('000)	7,689,164 ⁽²⁾	7,692,071
NAV and NTA per Unit (cents)	32.0	32.0

Notes:

- (1) After payment of approximately S\$2.0 million of estimated professional and other fees and expenses in connection with the Investment.
(2) Number of Units in issue as at 31 December 2023.

6.2.3 *Pro forma Aggregate Leverage*

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Investment on E-LOG's aggregate leverage as at 31 December 2023, assuming that E-LOG made the Investment on 31 December 2023 and the Investment was fully drawn down on 31 December 2023, are as follows:

	Before the Investment	After the Investment
Aggregate Leverage	35.7%	37.0%

7. OTHER INFORMATION

7.1 Interests of Directors and Substantial Unitholders¹⁸

As at the date of this announcement, certain directors of the Manager (the “**Directors**”) collectively hold an aggregate direct and indirect interest in 10,388,320 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 date of this announcement:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Stefanie Yuen Thio	265,934	0.003	37,951	0.000	303,885	0.004
Ronald Lim	184,715	0.002	-	-	184,715	0.002
Nagaraj Sivaram	1,064,000	0.014	-	-	1,064,000	0.014
Julie Lo Lai Wan	-	-	-	-	-	-
Loi Pok Yen	7,110,654	0.092	138,320	0.002	7,248,974	0.094
Stuart Gibson	-	-	-	-	-	-
Trent Iliffe	1,586,746	0.021	-	-	1,586,746	0.021
George Agethen	-	-	-	-	-	-
Shen Jinchu	-	-	-	-	-	-
Adrian Chui	-	-	-	-	-	-

Note:

(1) The percentage interest is based on total issued Units of 7,689,164,004 as at date of this announcement.

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 date of this announcement are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Tong Jinqun	172,802,987	2.247	255,184,832 ⁽²⁾	3.319	427,987,819	5.566
e-Shang Infinity Cayman Limited	690,884,656	8.985	174,493,983 ⁽³⁾	2.269	865,378,639	11.255
e-Shang Jupiter Cayman	-	-	865,378,639 ⁽⁴⁾	11.255	865,378,639	11.255

18 A “**Substantial Unitholder**” means a person who has an interest in Units constituting not less than 5.0% of the total number of Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Limited						
LOGOS Units No. 1 Ltd.	427,833,337	5.564	-	-	427,833,337	5.564
LOGOS Property Group Limited	-	-	602,327,320 ⁽⁵⁾	7.833	602,327,320	7.833
ARA Logistics Venture I Limited	-	-	602,327,320 ⁽⁵⁾	7.833	602,327,320	7.833
ARA Logistics Partners Limited	-	-	602,327,320 ⁽⁵⁾	7.833	602,327,320	7.833
ARA Logistics (Holdings) Pte. Ltd.	-	-	602,327,320 ⁽⁵⁾	7.833	602,327,320	7.833
ARA Asset Management Limited	-	-	602,327,320 ⁽⁵⁾	7.833	602,327,320	7.833
ESR Group Limited	-	-	1,293,211,976 ⁽⁴⁾⁽⁵⁾	16.819	1,293,211,976	16.819

Notes:

- (1) The percentage interest is based on 7,689,164,004 Units in issue as at the date of this announcement.
- (2) 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 Mr Tong Jinquan. Therefore, he is deemed to be interested in the 255,184,832 Units held by Wealthy Fountain Holdings Inc, Skyline Horizon Consortium Ltd and LWG.
- (3) e-Shang Infinity Cayman Limited indirectly owns 99% 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 141,590,984 Units and 32,902,999 Units, respectively. Therefore, e-Shang Infinity Cayman Limited is deemed to be interested in the 174,493,983 Units held by the Manager and ESR-LOGOS Property Management (S) Pte. Ltd..
- (4) ESR Group Limited is the sole shareholder of e-Shang Jupiter Cayman Limited, which is in turn the sole shareholder of e-Shang Infinity Cayman Limited. Therefore, each of ESR Group Limited and e-Shang Jupiter Cayman Limited is deemed to be interested in the 865,378,639 Units held by e-Shang Infinity Cayman Limited.
- (5) LOGOS Units No. 1 Ltd. holds 427,833,337 Units and is a wholly-owned subsidiary of LOGOS Property Group Limited (“**LPGL**”). LOGOS Trust Holdco Pte. Ltd. (“**LTHPL**”) holds 36% shareholding interest in ESR-LOGOS Investment Management Pte. Ltd. (“**ELIM**”). ELIM holds a 99% shareholding interest in the Manager and a 100% shareholding interest in ESR-LOGOS Property Management (S) Pte. Ltd.. LTHPL is a wholly-owned subsidiary of LOGOS Holdco Pte.

Ltd., which is in turn a wholly-owned subsidiary of LPGL. Therefore, LPGL is deemed to be interested in the 602,327,320 Units held by LOGOS Units No. 1 Ltd., the Manager and ESR-LOGOS Property Management (S) Pte. Ltd.. ARA Logistics Venture I Limited holds an 86.4% shareholding interest in LPGL. 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. Accordingly, ESR Group Limited is deemed to be interested in the 602,327,320 Units held by LOGOS Units No. 1 Ltd., the Manager and ESR-LOGOS Property Management (S) Pte. Ltd..

7.2 Directors' Service Contracts

No person is proposed to be appointed as a Director in connection with the Investment or any other transactions contemplated in relation to the Investment.

7.3 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited ("**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, depending on the size of the relative figures computed on, inter alia, the following bases or comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual:

- (i) the net profits attributable to the assets acquired, compared with the issuer's net profits; and
- (ii) the aggregate value of the consideration given, compared with the issuer's market capitalisation.

The relative figures for the Investment using the applicable bases of comparison described above are set out in the table below.

Comparison of:	Investment (S\$ million)	E-LOG (S\$ million)	Relative Figure (%)
Rule 1006(b) Net profits attributable to the Investment, compared with E-LOG's net profits	4.7 ⁽¹⁾	273.2 ^{(2) (3)}	1.7
Rule 1006(c) Aggregate value of the consideration to be given, compared with E-LOG's market capitalisation	93.0 ⁽⁴⁾	2,383.6 ⁽⁵⁾	3.9

Notes:

- (1) Refers to the distribution income from the Investment.
- (2) Based on the unaudited financial statements of E-LOG for FY2023.
- (3) Refers to net property income where, 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.
- (4) Based the Subscription Amount of US\$70.0 million and an exchange rate of US\$1.000 : S\$1.329.

- (5) Based on the market capitalisation of E-LOG as at market close on 31 January 2024, being the market day immediately preceding the date of the Subscription Agreement.

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

Under 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 Investment (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 net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the Investment. Based on the latest audited financial statements of E-LOG for the financial year ended 31 December 2022 (the "**FY2022 Audited Financial Statements**"), the NTA of E-LOG was S\$2,444.7 million as at 31 December 2022 (and, for reference, based on the latest unaudited financial statement of E-LOG for the financial year ended 31 December 2023 (the "**FY2023 Unaudited Financial Statements**"), the NTA of E-LOG was S\$2,463.2 million as at 31 December 2023). 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\$122.2 million based on the FY2022 Audited Financial Statements (and, for reference, S\$123.1 million if based on the FY2023 Unaudited Financial Statements), such a transaction would be subject to Unitholders' approval under Rule 906(1) of the Listing Manual.

Paragraph 5.2(b) of the Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (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 FY2022 Audited Financial Statements, the NAV of E-LOG as at 31 December 2022 was S\$2,444.7 million (and, for reference, based on the FY2023 Unaudited Financial Statements, the NAV of E-LOG as at 31 December 2023, was S\$2,463.2 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 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\$122.2 million based on the FY2022 Audited Financial Statements (and, for reference, S\$123.1 million if based on the FY2023 Unaudited Financial Statements), such a transaction would be subject to Unitholders' approval pursuant to paragraph 5.2(b) of 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 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".

The JIF General Partner is wholly-owned by the JIF Portfolio Manager, which in turn is a wholly-owned subsidiary of the Sponsor. The JIF Portfolio Manager and the JIF General Partner are in charge of the management of JIF. Accordingly, the Investment by E-LOG,

through INV3, in JIF (being a fund managed by indirect subsidiaries of the Sponsor, which is in turn a “controlling shareholder” of the Manager), 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 Subscription Amount is US\$70.0 million (being approximately S\$93.0 million¹⁹) (which is approximately 3.8% of the latest audited NTA and the NAV of E-LOG, respectively, as at 31 December 2022 and, for reference, approximately 3.8% of the unaudited NTA and the NAV of E-LOG, respectively, as at 31 December 2023), the Subscription Amount will not exceed 5.0% of the NTA and the NAV of E-LOG, respectively. Therefore, the approval of Unitholders would not be required in relation to the Investment pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, respectively.

However, given that the Subscription Amount is approximately 3.8% of the latest audited NTA and the NAV of E-LOG, respectively, as at 31 December 2023 (and, for reference, approximately 3.8% of the latest unaudited NTA and the NAV of E-LOG, respectively, as at 31 December 2023), the Subscription Amount will exceed 3.0% of the NTA and the NAV of E-LOG, respectively. Hence, the Manager is making this announcement pursuant to Chapter 9 of the Listing Manual and paragraph 5.2(a) of the Property Funds Appendix.

7.5 Statement of the ARCC

Based on the rationale for the Investment as set out in paragraph 5 of this announcement, the ARCC is of the view that the Investment is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.

7.6 Existing Interested Person Transactions

As at the date of this announcement, there have been no Interested Person Transactions pursuant to the Listing Manual entered into between E-LOG and the Sponsor and its subsidiaries and associates during the course of the current financial year.

BY ORDER OF THE BOARD

ESR-LOGOS Funds Management (S) Limited

As Manager of ESR-LOGOS REIT

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

Adrian Chui

Chief Executive Officer and Executive Director

1 February 2024

¹⁹ Based on an exchange rate of US\$1.000 : S\$1.329.

For further enquiries, please contact:

ESR-LOGOS Funds Management (S) Limited

Lyn Ong

Senior Manager,
Capital Markets and Investor Relations
Tel: +65 6222 3339
Email: lyn.ong@esr-logosreit.com.sg

Sua Xiu Kai

Assistant Manager,
Corporate Communications
Tel: +65 6222 3339
Email: xiukai.sua@esr-logosreit.com.sg

About ESR-LOGOS REIT

ESR-LOGOS REIT is a leading New Economy and future-ready Asia Pacific S-REIT. Listed on the Singapore Exchange Securities Trading Limited since 25 July 2006, ESR-LOGOS REIT invests in quality income-producing industrial properties in key gateway markets.

As at 31 December 2023, ESR-LOGOS REIT 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\$5.1 billion. Its portfolio comprises 72 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (52 assets), Australia (19 assets) and Japan (1 asset), with a total gross floor area of approximately 2.1 million sqm, as well as investments in three property funds in Australia. ESR-LOGOS REIT is also a constituent of the FTSE EPRA Nareit Global Real Estate Index.

ESR-LOGOS REIT is managed by ESR-LOGOS Funds Management (S) Limited (the “**Manager**”) and sponsored by ESR Group Limited (“**ESR**”). The Manager is owned by ESR (99.0%) and Shanghai Summit Pte. Ltd. (1.0%), respectively.

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

About the Sponsor, ESR

ESR is APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With approximately US\$150 billion in total assets under management (AUM), its fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of approximately US\$45 billion. ESR’s purpose – *Space and Investment Solutions for a Sustainable Future* – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit www.esr-logosreit.com.sg.

Important Notice

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of ESR-LOGOS REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The past performance of ESR-LOGOS REIT is not necessarily indicative of the future performance of ESR-LOGOS REIT.

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

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 or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem or purchase 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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions), European Economic Area, the United Kingdom, Canada, Japan or Australia, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

This announcement has not been reviewed by the Monetary Authority of Singapore.