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

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

FREQUENTLY ASKED QUESTIONS

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

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

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited
As Manager of ESR-REIT
(Company Registration No. 200512804G, Capital Markets Services Licence No. 100132)

Adrian Chui
Chief Executive Officer and Executive Director
25 October 2021

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Responsibility Statement

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

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

Appendix 1

Question 1:

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

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

Question 2:

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

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

Question 3:
What is upfront land premium and why is this being paid as part of the Merger?

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

Question 4:
Why should we support the Merger given it is NAV dilutive?

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

Question 5:
Can the Manager provide a breakdown of the acquisition cost of c.S$2.4 billion? How is this funded?

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

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

    f) the estimated professional and other costs, fees and expenses (including taxes) of c.S$32.9 million.

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

Question 6:

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

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

Question 7:

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

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

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2 ESR-REIT has in place new banking facilities with a loan quantum of up to S$835 million and A$365 million, but may also issue new perpetual securities to finance the Merger.

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

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

Question 8:

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

- The Sponsor's initial pipeline provides ESR-LOGOS REIT a broader spectrum of New Economy asset types that are either freehold or on longer land lease tenures.
- The pipeline also offers geographical diversification and allows ESR-LOGOS REIT to scale up the quality of its portfolio in Asia Pacific. By expanding its footprint to where the Sponsor has an established presence, ESR-LOGOS REIT is able to diversify portfolio risks such as short land lease expiry from its Singapore assets and accumulate higher value New Economy assets for income stability.
- In addition, the Sponsor's pipeline of New Economy assets also allows ESR-LOGOS REIT to mitigate the current data centre moratorium[4] with the temporary pause on the release of state land for data centres, as well as the development of data centres in Singapore.
- The Manager will remain prudent and selective in its approach when exploring and pursuing acquisition opportunities to further optimise the portfolio composition and create sustainable value for unitholders of ESR-LOGOS REIT post-Merger.

Question 9:

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

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

Question 10:

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

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

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

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

About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 30 June 2021 holds interest in a diversified portfolio of 58 properties located across Singapore, with a total gross floor area of approximately 15.6 million square feet and an aggregate property value of S$3.2 billion[5]. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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

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

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

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

About the Sponsor, ESR

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

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

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

Important Notice

The value of units in ESR-REIT ("**Units**") and the income derived from them may fall as well as rise. Units are not investments or deposits in, or liabilities or obligations, of ESR Funds Management (S) Limited ("**Manager**"), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of ESR-REIT) ("**Trustee**"), or any of their respective related corporations and affiliates (individually and collectively "**Affiliates**"). An investment in Units is subject to equity investment risk, including the possible delays in repayment and loss of income or the principal amount invested. Neither ESR-REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-REIT, any particular rate of return from investing in ESR-REIT, or any taxation consequences of an investment in ESR-REIT. Any indication of ESR-REIT performance returns is historical and cannot be relied on as an indicator of future performance.

Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that investors may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses, governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support ESR-REIT’s future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

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