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

NEWS RELEASE

For immediate release

Unless otherwise stated, all capitalised terms not otherwise defined herein shall have the same meanings ascribed to them in the Circular dated 25 February 2022 and the Scheme Document dated 25 February 2022.

ESR-REIT to Hold Extraordinary General Meeting in Relation to the Proposed Merger with ALOG on 21 March 2022

- *Independent Financial Adviser has opined that the Merger is on **normal commercial terms** and is **not prejudicial** to the interests of ESR-REIT and its minority unitholders*
- *ESR-REIT Recommending Directors recommend ESR-REIT Unitholders to **Vote in Favour** of the Merger*

SINGAPORE, 25 February 2022 – ESR Funds Management (S) Limited, the manager of ESR-REIT (the "**ESR-REIT Manager**") today issued its Notice of Extraordinary General Meeting ("**EGM**"), in relation to the proposed merger (the "**Merger**") of ESR-REIT and ARA LOGOS Logistics Trust ("**ALOG**") by way of a trust scheme of arrangement (the "**Trust Scheme**"). The EGM will be held on Monday, 21 March 2022 at 10.00 a.m..

As set out in the revised joint announcement released by the ESR-REIT Manager and ARA LOGOS Logistics Trust Management Limited, the manager of ALOG (the "**ALOG Manager**") on 22 January 2022, the ESR-REIT Manager has increased the scheme consideration payable under the Trust Scheme from S$0.950 per ALOG Unit to S$0.970 per ALOG Unit (the "**Revised Scheme Consideration**"). The Revised Scheme Consideration of S$0.970 per ALOG Unit will be satisfied through the payment of an aggregate cash amount of approximately S$140.9 million and the allotment and issue of approximately 2,575.9 million Consideration Units at an issue price of S$0.4924 for each Consideration Unit, to the ALOG Unitholders.

Mr. Adrian Chui, Chief Executive Officer and Executive Director of the ESR-REIT Manager, said: "Following the ESR Group's completion of the Proposed ARA Acquisition, both ESR-REIT and ALOG now share a common sponsor and have existing overlapping investment mandates including but not limited to assets pipeline, and tenant and financial resources. This creates uncertainties arising from the conflicts of interest which are likely to negatively impact the growth potential of both REITs if they are not properly addressed, as both REITs will have to compete for new assets from either the Sponsor or from third parties. This Merger is critical as it addresses the issue of overlapping mandates and potential conflicts while allowing the enlarged ESR-LOGOS REIT ("**E-LOG**") to leverage the Sponsor's resources to drive our growth trajectory, thereby safeguarding the interest of both sets of unitholders.

Our improved Revised Scheme Consideration also takes into account the views of proxy advisers Glass, Lewis & Co and Institutional Shareholder Services, and we have sought to seek a balance for both ALOG Unitholders and ESR-REIT Unitholders.

Post-Merger, E-LOG will be in the right sector and primed to tap and accelerate exposure to sustainable in-demand New Economy real estate, driven by the rapid rise of e-commerce and paradigm shifts in global manufacturing supply chains. Specifically, the Australia industrial / logistics sector provides ESR-REIT with exposure to freehold and longer tenure land leases which addresses the short land lease nature of industrial land in Singapore. The Australia industrial / logistics sector continues to be supported by strong underlying fundamentals of robust demand and moderate supply and remains highly attractive for us with steady take-up activity, low vacancies and strong rental growth in 4Q2021. The enlarged E-LOG will be well-poised to tap the opportunities in this market."

RATIONALE FOR THE MERGER

1. <u>The Merger will resolve conflicts of interest arising from a common Sponsor</u>

With the completion of the ESR Group's acquisition of ARA Asset Management Limited on 20 January 2022, the ESR Group is now an indirect majority controlling shareholder of the LOGOS Group, implying that both ESR-REIT and ALOG now share a common sponsor. Conflicts of interest will result in uncertainties arising from the type and amount of asset pipeline, financial resources and other Sponsor's resources support. The growth potential of both ESR-REIT and ALOG will be negatively impacted if the conflicts of interest are not resolved, and will remain as standalone sub-scale REITs with higher cost of capital and lower trading liquidity.

If the Merger is not successful, the ESR Group could resolve the conflicts of interest by either (a) a sale of the manager of either ESR-REIT or ALOG to a third party and in such an instance, the manager, and by reference the REIT, that is sold will not be able to leverage on the ESR Group's asset pipelines, tenant and operational network and financial resources, or (b) the divestment of either REIT's portfolio of assets, some of which are under non-sale moratoriums imposed by JTC Corporation. It is the ESR-REIT Manager's opinion that either of such options is not in the interest of either REIT's unitholders as it would curtail the REIT's growth prospects, resulting in a loss of current premium to net asset value ("**NAV**") pricing which is highly correlated to the growth potential and hence Sponsor's resources and support for the REIT.

2. <u>Increased exposure to sustainable "in-demand" logistics and high-specs properties</u>

The logistics sector remains the largest secular growth opportunity in Asia, and this Merger will leverage on the integrated value chain of consumption, production and delivery, to create an environment of sustainable demand for New Economy real estate whilst enjoying favourable supply dynamics. E-LOG's portfolio will have increased exposure to "in-demand" New Economy real estate, and an increased strategic presence in Australia's attractive logistics market which continues to benefit from capitalisation rate compression, resulting in capital appreciation and higher valuations for the underlying real estate.

3. Size increasingly matters

Through the Merger, E-LOG will enjoy lower portfolio risks attributable to higher income diversification, increased income stability and a more resilient portfolio through improved tenant quality and reduced concentration risk. E-LOG will also be able to tap on opportunities for operational synergies and portfolio optimisation. The enlarged scale of the combined portfolio will enhance E-LOG's visibility within the S-REIT universe and allow for better access to competitive sources of capital, greater funding flexibility, higher trading liquidity and greater weightage in current and future index inclusions.

4. Transformational scale and Sponsor's network

This Merger will create one of the largest industrial S-REITs with total assets of approximately S$5.4 billion, and E-LOG is expected to be among the top 10 largest S-REITs based on a free float market capitalisation of S$2.5 billion[1]. E-LOG will have access to the Sponsor's global tenant network and can leverage its financial strength and operating platform to grow.

E-LOG will also enjoy access to the Sponsor's New Economy pipeline of more than US$59 billion[2], development work-in-progress of over US$10 billion[3] and a development pipeline of over 9 million square metres across 10 countries[4], in addition to the committed financial and operational support from the Sponsor, to supercharge growth to be a leading Future-Ready APAC S-REIT.

5. DPU accretive for ESR-REIT Unitholders on a historical pro forma basis

The Revised Scheme Consideration remains financially attractive for ESR-REIT Unitholders with a 4.7% DPU accretion on a FY2020 pro forma basis. DPU accretion is largely driven by refinancing 100% of ALOG's borrowings at a lower financing cost and the reduction in land rent expenses.

6. Enhanced environmental, social, and governance ("**ESG**") offering

The Merger will further reinforce E-LOG's commitment to its green initiatives and ESG performance. Reducing carbon footprint, potential usage of green financing methods and providing further community support are key initiatives that E-LOG continue to pursue. E-LOG will also continue to provide enhanced ESG disclosures based on the Global Real Estate Sustainability Benchmarks ("**GRESB**") assessment. Governance will also be a key focus area, with strong commitment to diversity and ensuring high standards of corporate governance throughout the organisation.

[1] Free float excludes ESR-REIT Units held by the Sponsor, Summit Group, the ESR-REIT Manager, the directors of the ESR-REIT Manager, other substantial ESR-REIT Unitholders and their respective associates. The free float of ESR-LOGOS REIT post-Merger also excludes ESR-LOGOS REIT units that would be held by the ALOG Manager, the directors of the ALOG Manager, and their respective associates. ESR-LOGOS REIT's free float of S$2.5 billion is computed based on 5,035 million free float units multiplied by an issue price of S$0.4924 per ESR-LOGOS REIT unit.

[2] ESR Group's data as at 31 December 2021, based on the Sponsor's management estimate for the ESR Group (including AUM of its associates) as of 31 December 2021.

[3] ESR Group data as of 30 June 2021.

[4] 2021-2023 pipeline as of the financial quarter ended 31 March 2021.

RECOMMENDATIONS TO UNITHOLDERS

Rothschild & Co Singapore Limited has been appointed as the independent financial adviser ("**IFA**") to advise the ESR-REIT Manager's Audit, Risk Management and Compliance Committee and the ESR-REIT Recommending Directors and the ESR-REIT Trustee as to whether the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders.

Taking into account the factors set out in the IFA Letter in Appendix A to the Circular, and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date[5], the IFA is of the opinion that **the Merger is on normal commercial terms and is not prejudicial to the interests of ESR-REIT and its minority unitholders**.

The ESR-REIT Recommending Directors (which, for the avoidance of doubt, excludes Mr. Philip John Pearce, Mr. Jeffrey David Perlman and Mr. Tong Jinquan) have considered the relevant factors, including the terms of the Merger and the rationale for the Merger, as well as the IFA's opinion as set out in the IFA Letter, and recommend that the Independent ESR-REIT Unitholders **VOTE IN FAVOUR** of Resolution 1, the Ordinary Resolution relating to the Merger, and Resolution 2, the Ordinary Resolution relating to the issue of Consideration Units at an issue price of S$0.4924 for each Consideration Unit as part of the consideration for the Merger, to the ALOG Unitholders.

VIRTUAL UNITHOLDER MEETINGS

Due to the current COVID-19 restriction orders in Singapore and in view of the safe distancing measures, the ESR-REIT Manager will be conducting the EGM only by way of electronic means ("**Virtual Meeting**") and ESR-REIT Unitholders will not be able to physically attend the EGM.

The proceedings of the EGM will be broadcast through a "live" webcast comprising both video (audio-visual) and audio-only feeds. All ESR-REIT Unitholders who wish to follow the proceedings of the EGM through the "live" webcast must pre-register online at https://smartagm.sg/esrreitegm21March2022 (the "**Pre-registration Page**") by Friday, 18 March 2022 at 10.00 a.m. (being 72 hours before the time appointed for the holding of the EGM) for verification purposes.

All ESR-REIT Unitholders will be able to pose questions "live" at the Virtual Meeting during the live audio-visual webcast. All ESR-REIT Unitholders can and are strongly encouraged to submit questions relating to the business of the EGM up till 13 March 2022 via electronic mail to ir@esr-reit.com.sg or by post addressed to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. Questions should be submitted to the Pre-registration Page or should reach the email address or address specified above on or before 13 March 2022. The ESR-REIT Manager will publish the responses to substantial and

[5] 18 February 2022, being the latest practicable date prior to the date of the Circular

relevant questions received on or before 13 March 2022 on ESR-REIT's website at https://esr-reit.listedcompany.com/meetings.html and on SGXNET prior to the EGM by 15 March 2022.

ESR-REIT Unitholders will only be able to vote at the EGM by appointing the Chairman as proxy to vote on their behalf.

-End-

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RESPONSIBILITY STATEMENTS

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

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

About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2021 holds interest in a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 15.3 million square feet and an aggregate property value of S$3.2 billion[6]. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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

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

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

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

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

About the Sponsor, ESR

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

Important Notice

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

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

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