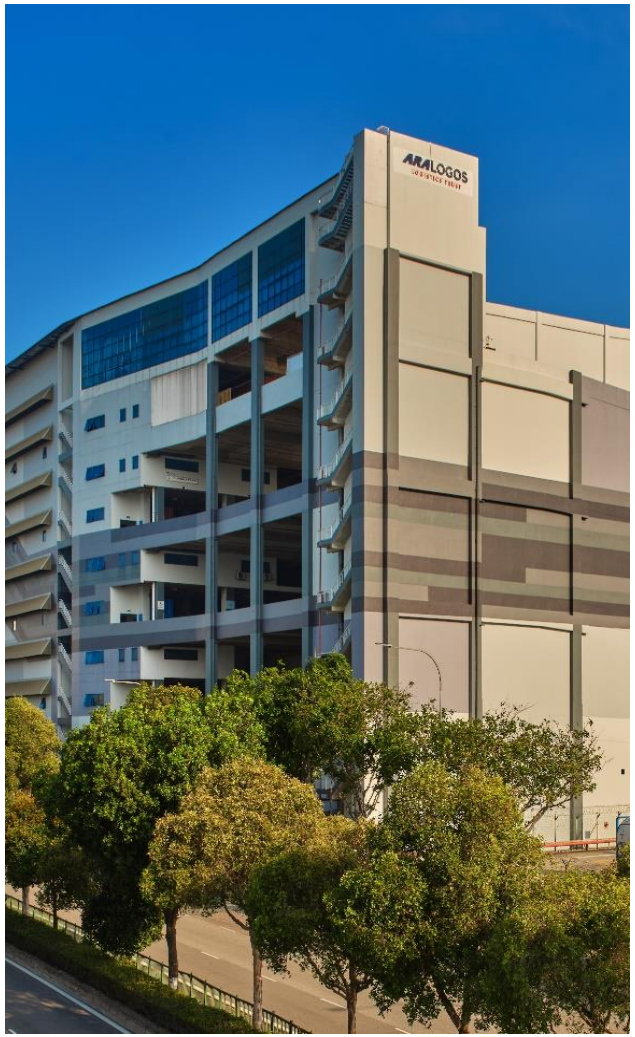





# ARA LOGOS Logistics Trust

## Proposed Merger with ESR-REIT

22 January 2022






# IMPORTANT NOTICE

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The information and opinions in this presentation are subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning ALOG. None of ALOG, the Manager, their respective Affiliates or any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers makes any representation or warranty, express or implied, as to the accuracy, completeness or correctness of the information contained in this presentation nor otherwise made available or as to the reasonableness of any assumption contained herein or therein, and any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation is expressly disclaimed.

The directors of the Manager (including those who may have delegated detailed supervision of this presentation) have taken all reasonable care to ensure that the facts stated and opinions expressed in this presentation (other than those relating to ESR-REIT and/or the manager of ESR-REIT (the **"ESR-REIT Manager**")) are fair and accurate and that there are no other material facts not contained in this presentation, the omission of which would make any statement in this presentation 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 announcement dated 4 August 2021 released by the Sponsor in relation to the merger between the Sponsor and ARA Asset Management) or obtained from a named source (including ESR-REIT, the ESR-REIT Manager, the respective independent valuers engaged by the Manager and/or the ESR-REIT 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 presentation. The directors of the Manager do not accept any responsibility for any information relating to ESR-REIT and/or the ESR-REIT Manager or any opinion expressed by ESR-REIT, the ESR-REIT Manager and/or the abovementioned independent valuers.

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

This presentation should be read in conjunction with the joint announcement ("**Revised Joint Announcement**") issued by the ESR-REIT Manager and the ALOG Manager dated 22 January 2022 in relation to the proposed merger ("**Merger**") of ESR-REIT and ALOG. ALOG has issued a scheme document dated 5 January 2022 in relation to the proposed Merger ("**Scheme Document**"). A revised scheme document ("**Revised Scheme Document**") will be issued in due course containing details of the amended and restated Implementation Agreement, the revised scheme consideration, the recommendation of the ALOG Independent Directors and the advice of the ALOG IFA.

ALOG Unitholders are advised to refrain from taking any action in relation to their ALOG Units which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the ALOG Independent Directors on the Scheme as well as the advice of the ALOG IFA set out in the Revised Scheme Document.

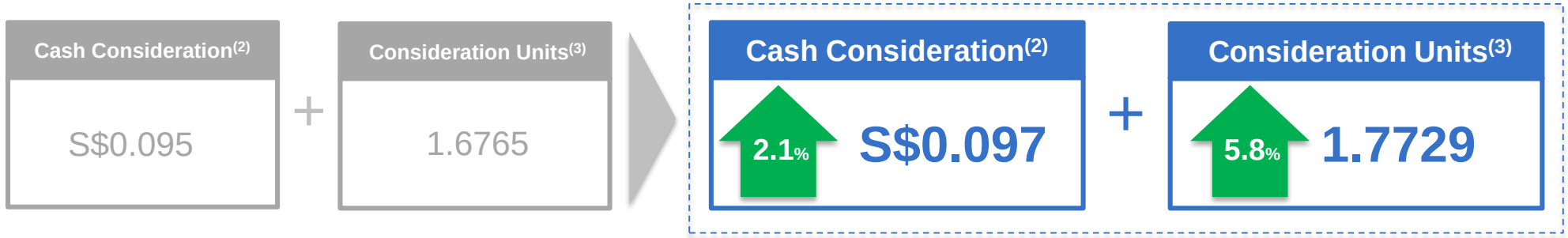
Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

***All capitalised terms not defined in this presentation shall have the meaning ascribed to them in the Revised Joint Announcement and the Scheme Document.***

# OVERVIEW OF IMPROVED MERGER PROPOSAL FROM ESR-REIT

- **Higher Revised Scheme Consideration[1] comprising S$0.097 in Cash Consideration[2] and 1.7729 in new ESR-REIT units ("Consideration Units")[3]**
- **EGM and Scheme Meeting deferred to a future date to be announced**

## Revised Scheme Consideration




- By way of illustration, if the Trust Scheme becomes effective in accordance with its terms[4], a Unitholder will receive S$97.00 in cash and 1,772 Consideration Units for every 1,000 ALOG units held as at the Books Closure Date

## Permitted Distribution

- The ALOG Unitholders shall have the right to receive and retain the ALOG Permitted Distributions in addition to the Revised Scheme Consideration
- As part of the ALOG Permitted Distributions, the ALOG Manager has on 26 November 2021 paid the distribution of 1.329 cents per ALOG Unit in respect of the period from 1 July 2021 to 30 September 2021 to ALOG Unitholders

Source: Company Information
Note:
(1) Implied gross exchange ratio of 1.970x in Revised Scheme Consideration, compared to implied gross exchange ratio of 1.863x in Scheme Consideration as at 15 October 2021
(2) The aggregate Cash Consideration to be paid to each Unitholder shall be rounded to the nearest S$0.01
(3) The number of Consideration Units which each Unitholder will be entitled to pursuant to the Trust Scheme will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Consideration Units to be issued to any Unitholder pursuant to the Trust Scheme
(4) The ALOG Manager will issue a Revised Scheme Document containing details of the Amended and Restated Implementation Agreement and the Revised Scheme Consideration, the recommendation of the ALOG Independent Directors and the advice of the ALOG IFA

# REVISED PROPOSAL VS ORIGINAL PROPOSAL

## Comparison of Illustrative Scheme Consideration Value (based on 1 month VWAP of ESR-REIT units)

| | Revised Proposal | Original Proposal | Percentage Change |
|---|---|---|---|
| **Consideration Units** | 1.7729 new ESR-REIT units | 1.6765 new ESR-REIT units | 5.8% |
| A **Illustrative Value of Consideration Units** *(Rebased using 1-month VWAP for like-for-like comparison of Consideration)* | S$0.836(1) | S$0.791(2) | 5.8% |
| B **Cash Consideration** | S$0.097(1) | S$0.095(2) | 2.1% |
| A + B **Illustrative Value of the Scheme Consideration** | **S$0.933(1)** | **S$0.886(2)** | 5.3% |
| **Historical Pro Forma DPU Accretion(3)** | 12.8% | 8.2% | 460 bps |
| **Historical Pro Forma NAV Per Unit Accretion(4)** | 5.3% | 2.2% | 310 bps |

Source: Company Information

Note: Due to rounding, figures throughout the document may not add up

(1) Based on net exchange ratio of 1.7729x and ESR-REIT 1 month volume weighted average price ("**VWAP**") per Unit of S$0.4716 as at the Last Trading Date, plus cash consideration of S$0.097 per ALOG unit

(2) Based on net exchange ratio of 1.6765x and ESR-REIT 1 month VWAP per Unit of S$0.4716 as at the Last Trading Date, plus cash consideration of S$0.095 per ALOG unit

(3) Based on ESR-LOGOS REIT's FY2020 pro forma DPU multiplied by the net exchange ratio and assuming that the Cash Consideration is reinvested at the 1 month VWAP of the ESR-REIT Units on the SGX-ST of S$0.4716 as at the Last Trading Date. Refer to Schedule 1 of the Revised Joint Announcement for more details on the pro-forma adjustments. For the avoidance of doubt, the historical pro formas are for illustrative purposes only and are not intended to be nor shall they constitute projections or forecasts

(4) Based on ESR-LOGOS REIT's FY2020 pro forma NAV multiplied by the net exchange ratio and assuming that the Cash Consideration is reinvested at the 1 month VWAP of the ESR-REIT Units on the SGX-ST of S$0.4716 as at the Last Trading Date. For the avoidance of doubt, the historical pro formas are for illustrative purposes only and are not intended to be nor shall they constitute projections or forecasts

# KEY RATIONALE TO SUPPORT THE REVISED MERGER PROPOSAL

## 1 Enhanced Scheme Consideration

**+5.3%** Increase in Scheme Consideration(1)

**0.5% to 31.2%** Premium(2) to the 1m, 3m, 6m, 12m and 24m VWAP

**12.8%** DPU Accretion(3)(7)

Highest DPU Accretion vs All Completed SREIT Mergers(4)

**+5.3%** NAV per Unit Accretion(5)(7)

**1.4x** P/NAV(1)(6)

## 2 Win-Win Merger Proposition

- **Win-win merger with ALOG Unitholders rolling into a larger platform**
- **Creation of a leading New Economy APAC REIT, with access to US$59bn New Economy pipeline(8) and US$10bn of work-in-progress development pipeline(9)**
- **Potential Positive Re-rating given enhanced visibility amongst institutional investors**
- **Enhanced funding flexibility and potentially reduced funding cost positioned for potential IG rating**

## 3 Resolving Potential Overlapping Mandates

**ESR-REIT and ALOG have the same Sponsor following the completion of the acquisition of ARA by ESR Cayman**

*"Addresses the potential overlapping of mandates arising from this acquisition in relation to tenant and asset pipelines*

*ESR will be able to focus its resources on supporting a single enlarged REIT with its financial resources, operating network and asset pipeline instead of splitting its resources between two REITs with overlapping mandates (which may lead to both REITs competing for the same Sponsor's pipeline)"*

Source: Company Information

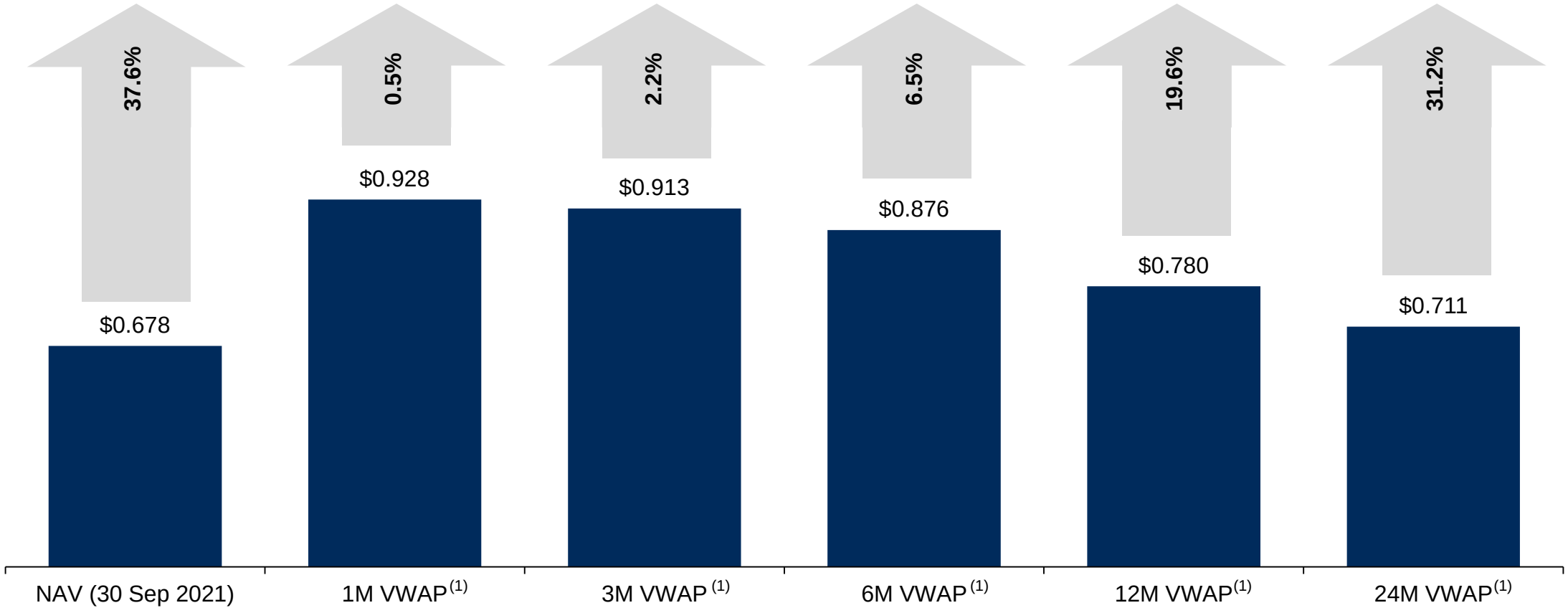
Note:

(1) The illustrative value of the Scheme Consideration based on ESR-REIT 1 month VWAP is S$0.933, compared to S$0.886 in the Original Proposal
(2) With reference to ALOG's 1 month VWAP of S$0.928, 3 month VWAP of S$0.913, 6 month VWAP of S$0.876, 12 month VWAP of S$0.780, 24 month VWAP of $0.711, as at the Last Trading Date
(3) Based on ESR-LOGOS REIT's FY2020 pro forma DPU multiplied by the net exchange ratio of 1.7729 and assuming that the Cash Consideration is reinvested at the 1 month VWAP of the ESR-REIT Units on the SGX-ST of S$0.4716 as at the Last Trading Date. Refer to Schedule 1 of the Revised Joint Announcement for more details on the pro-forma adjustments.
(4) For comparison, the historical pro forma DPU accretions for the following successfully completed S-REIT mergers are: (i) CCT-CMT merger (7.6%); (ii) FCOT-FLT merger (2.5%); (iii) A-HTRUST-ART merger (1.8%); (iv) OUE H-TRUST-OUE C-REIT merger (1.4%); and (v) ESR-REIT-VIT merger (3.6%)
(5) Based on ESR-LOGOS REIT's FY2020 pro forma NAV multiplied by the net exchange ratio of 1.7729 and assuming that the Cash Consideration is reinvested at the 1 month VWAP of the ESR-REIT Units on the SGX-ST of S$0.4716 as at the Last Trading Date
(6) NAV per ALOG unit of S$0.678 as of 30 September 2021
(7) For the avoidance of doubt, the historical pro formas are for illustrative purposes only and are not intended to be nor shall they constitute projections or forecasts
(8) Based on ESR Cayman's management estimates for the Group (including AUM of associates – Cromwell and Kenedix) as of 31 December 2021
(9) ESR Group's data as at 30 June 2021

# SCHEME CONSIDERATION EXCEEDS BENCHMARKS

**Illustrative Value of the Revised Scheme Consideration is at a premium to NAV and historical trading levels**

**(S$) Per Unit** **Illustrative Value of the Revised Scheme Consideration (Based on ESR-REIT 1 month VWAP Per Unit) of S$0.933(1)(2)**




Source: Company Information, Bloomberg
(1) Market data as of the Last Trading Date
(2) Based on net exchange ratio of 1.7729x and ESR-REIT 1 month VWAP per Unit of S$0.4716 as at the Last Trading Date, plus cash consideration of S$0.097 per ALOG unit

# OTHER FACTORS CONSIDERED BY THE BOARD

| | |
|---|---|
| **1 Premium to NAV** | • Unit price of ALOG was trading at more than 30% premium to its NAV leading up to the merger announcement(1)<br>• A divestment of the underlying portfolio may not have achieved a similar premium to the NAV and it would also result in ALOG Unitholders ceasing to have an interest in the returns from being invested in the existing portfolio of assets<br>• The Merger would allow ALOG Unitholders to continue to be invested in the existing portfolio and also benefit from potential growth opportunities which may arise from the enlarged REIT's access to the pipeline from the Sponsor, ESR Group |
| **2 Associated Costs and Financing Constraints** | • Potential acquirers of the portfolio assets may require acquisition debt financing, which amount could be limited by the asset valuation of the underlying assets<br>• Direct divestment of portfolio assets could result in additional costs relating to stamp duties (for acquirers), and potential tax liability for ALOG |
| **3 Limited buyer pool** | • The Singapore industrial market is highly regulated, especially for industrial assets located on JTC industrial land<br>• ALOG's entire portfolio of Singapore assets sits on JTC land<br>• As there are stringent qualifying criteria imposed on buyers of such properties, the pool of potential buyers is likely limited to end-users and entities which hold capital markets services licences |
| **4 Sale of ALOG Manager to a Third Party** | • If the Sponsor were to sell the ALOG Manager to a third party, ALOG Unitholders would cease to have access to the potential pipeline of New Economy assets of more than US$59 billion from ESR Group(2), being the largest in APAC |
| **5 No Alternative Offers** | • Since the Merger was announced on 15 October 2021, the ALOG Manager has not received any other offers for ALOG or any indications of interest to make an offer for ALOG as at date of the Revised Joint Announcement<br>• The Merger with ESR-REIT remains the only offer for the ALOG Units as at date of the Revised Joint Announcement |

Source: Company Information
(1) With reference to ALOG's closing price of S$0.935, as well as 1-month VWAP of S$0.925, 3 month VWAP of S$0.913, as of last full trading day immediately prior to the Joint Announcement Date, and NAV per ALOG unit of S$0.678, as of 30 September 2021
(2) Based on ESR Cayman's management estimates for the Group (including AUM of associates) as of 31 December 2021

# APPROVALS REQUIRED FOR ARA LOGOS LOGISTICS TRUST

## EGM

**To seek the approval of ALOG Unitholders for the resolution to amend the ALOG Trust Deed ("ALOG Trust Deed Amendments Resolution")**

**Approval Threshold**

75.0% or more of the total number of votes cast for and against the resolution(1)

## Scheme Meeting

**To seek the approval of ALOG Unitholders for the Proposed Merger of ALOG and ESR-REIT by way of a Trust Scheme of Arrangement ("Scheme Resolution")**

**Approval Threshold**

More than 50% of the number of ALOG Unitholders present and voting either in person or by proxy;

**and**

At least three-fourths (75%) in value of the ALOG Units held by ALOG Unitholders present and voting either in person or by proxy at the Scheme Meeting for the Scheme Resolution

**The ESR-REIT Trustee, the ESR-REIT Manager Concert Party Group as well as common substantial ESR-REIT Unitholders and ALOG Unitholders will abstain from voting on the Scheme Resolution at the Scheme Meeting**

On 11 October 2021, **Ivanhoe Cambridge Asia Inc.,** which as the date thereof owns **126,696,800 ALOG Units** (approximately **8.74% of the ALOG Units(2)**) has signed an **irrevocable undertaking** to vote (or procure the voting of) such units **in favour of ALL resolutions**, to the extent permitted under regulations(3)

**The ALOG Trust Deed Amendments Resolution is not conditional on the Scheme Resolution being passed but the Scheme Resolution is contingent upon the approval of the ALOG Trust Deed Amendments Resolution**

**The Proposed Merger is also subject to the sanction of the Court**

Source: Company Information
(1) Based on ALOG Units held by ALOG Unitholders present and voting either in person or by proxy at the EGM or Scheme Meeting
(2) Ivanhoe Cambridge's stake in ALOG as at 11 October 2021
(3) This obligation under the irrevocable undertaking applies only to the extent permitted by the SGX Listing Manual, the requirements of the SGX, the Singapore Code on Take-overs and Mergers or any other laws or regulations applicable to ALOG

# Who do I Contact if I Need Assistance

# INVESTOR AND MEDIA CONTACTS

## Investor Contacts

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