(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 – REVISION OF SCHEME CONSIDERATION

FREQUENTLY ASKED QUESTIONS

ESR Funds Management (S) Limited, as manager of ESR-REIT (the "**Manager**"), has prepared a list of frequently asked questions in relation to the proposed merger (the "**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 circular to ESR-REIT Unitholders dated 25 February 2022 in relation to the Merger (the "**Circular**").

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
10 March 2022

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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.

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". 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 (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events, and the Manager does not undertake any obligation to update publicly or revise any forward-looking statements.

Appendix

Question 1:

What are the other underlying issues other than the potential conflicts of interest? If the ESR Group decides to sell the manager of either ESR-REIT or ALOG to resolve the potential conflicts of interest, which REIT manager will the ESR Group sell?

- The Manager believes the key risk to the ESR-REIT Unitholders is the potential conflicts of interest between ESR-REIT and ALOG arising from a common sponsor. The Manager is not aware of any other underlying issues with ESR-REIT.
- The Manager would like to emphasise the key benefits of the Merger as highlighted in the Circular, namely:
    1) Increased Exposure to Sustainable "In-Demand" New Economy Assets;
    2) Size Increasingly Matters: Larger Size Raises Profile, Increases Liquidity and Enhances Quality;
    3) Transformational Scale and Unrivalled Access to the Sponsor's asset pipelines, tenant and operational network, and financial resources ("**Sponsor Resources**");
    4) DPU Accretive for ESR-REIT Unitholders on a historical pro-forma basis; and
    5) Enhanced ESG Offering.
- While the Manager is not in a position to comment on the future decisions of the ESR Group, both ESR-REIT's and ALOG's investment mandates are in sync with the Sponsor's mandate and expertise. As such, an enlarged ESR-LOGOS REIT ("**E-LOG**") can leverage on the Sponsor Resources to accelerate its growth.
- However, if the Merger is not successful and the ESR Group decides to sell the Manager to a third party in order to resolve the conflicts of interest, the Sponsor Resources are not likely to be available to the Manager and, by extension, ESR-REIT. This may result in ESR-REIT potentially losing its "halo" effect and its current premium to net asset value if the ESR Group divests the Manager as the Sponsor Resources will no longer be available.
- In addition, if the Sponsor decides to sell the ESR-REIT Manager, it will trigger the change in control provisions in ESR-REIT's S$1.29 billion existing debt facilities and there is no guarantee that the new financing terms will be more favourable than ESR-REIT's current financing terms.
- It is critical to have the support of a sponsor, especially the availability of an asset pipeline and financial resources to support the growth of a S-REIT and its valuation multiples. As illustrated in the Circular, S-REITs that are backed by "blue-chip" developer sponsors tend to trade at a premium to their net asset values and/or have more competitive costs of capital (e.g., lower cost of debt and better loan terms) due to the availability of their sponsors' asset pipelines, tenant and operational network, and financial resources.

Question 2:

Why can't the ESR Group put up a "Chinese Wall" between ESR-REIT and ALOG, and have the ESR Group continue to be ESR-REIT's Sponsor and the LOGOS Group continue to be ALOG's Sponsor with both REITs operating independently?

- Following the completion of the Proposed ARA Acquisition on 20 January 2022, ALOG's Sponsor, the LOGOS Group, is 86.4%[1] owned by the ESR Group.
- Hence, the ESR Group is in a position to exercise influence over the strategic directions, business, assets and financial resources of the LOGOS Group as the LOGOS Group has become part of the ESR Group. In addition, as the indirect controlling shareholder of the ALOG Manager (through its interest in the LOGOS Group), the ESR Group may have access to business information of ALOG.
- Given that ALOG and ESR-REIT have overlapping investment mandates, this will create conflicts of interest where the Sponsor must decide which REIT to support in terms of asset pipelines, tenant and

1 As stated in the ARA Acquisition Announcement, the Sponsor plans to acquire the remaining interest in the LOGOS Group, which wholly owns the ALOG Manager, three (3) years after completion of the Proposed ARA Acquisition.

operational network and financial resources. The Merger will enable both REITs to leverage on the Sponsor Resources as a single merged entity rather than compete for the Sponsor Resources to support their growth.

- Post the rebranding of Cache Logistics Trust to ARA LOGOS Logistics Trust in April 2020, there were several instances where ESR-REIT and ALOG competed with each other for acquisitions of third-party assets, thus pushing up bid prices which reduces value for either set of unitholders. The same applies to competition for logistics tenants and the "winner" typically ended up with poorer terms.
- As such, the Merger allows such conflicts of interest to be addressed while providing the enlarged E-LOG continued access to the Sponsor Resources to accelerate its growth.

Question 3:

From the past acquisitions by ESR-REIT, it appears that ESR-REIT relies largely on growth by acquisitions. Have you neglected the operations / other organic growth opportunities like AEIs and created value for ESR-REIT Unitholders, as the NAV of ESR-REIT has reduced from 59.3 cents per unit (as at 31 December 2017) to 39.3 cents per unit (as at 31 December 2021)?

- When the ESR Group took over the then Cambridge Industrial Trust in 2017, it was a small-capitalisation REIT with assets under management of about S$1.5 billion with over 40 properties. At that time, the REIT faced multiple challenges in its capital and asset management given its high cost of debt, a concentrated debt expiry profile, a predominantly single-tenanted portfolio with properties that were over-rented and facing near term lease expiries, as well as a heavily concentrated tenant profile. In addition, the REIT's portfolio was made up of many small and dated industrial assets with short land leases, and the REIT was facing an oversupply of industrial space in Singapore (especially in the logistics sector).
- ESR-REIT's strategy as communicated to the public was to 'clean up' the REIT's portfolio through the following actions:
    1) *Overhaul the debt structure* – spreading out the debt maturity profile, extending the debt tenure, lowering the debt costs, and unencumbering the entire portfolio. With the financial clout and support of the ESR Group, ESR-REIT refinanced both the expiring bonds with cheaper terms and bank loans on an unsecured basis;
    2) *Divest smaller and non-core assets* – where the upside and asset enhancement opportunities are limited or non-existent and redeployed proceeds from the divestments towards optimising other assets;
    3) *Execute AEIs and redevelopments to reposition the portfolio*, striking a balance between loss of income, future upside, and execution risks;
    4) *Acquire in-demand and modern assets to augment and reinforce the portfolio to become a sizable REIT* – Size does matter in terms of access and cost of funding, operational efficiencies, economies of scale and bargaining power; and
    5) *Address the underlying short land lease inherent across Singapore industrial assets*. Addressing this issue is important as it has a significant impact on the equity premium required i.e., investors require higher equity premium (and hence higher DPU yield) for short leasehold land as compared to freehold land. However, freehold industrial land in Singapore is both scarce and costly whereas freehold industrial land is more readily available and affordable overseas.
- With the Sponsor's continued support, ESR-REIT is able to grow via value-accretive acquisitions. The Manager has taken a proactive portfolio management approach through active lease management to increase its portfolio occupancy, enhance its portfolio quality through AEIs, and divest selected non-core assets, as part of its ongoing portfolio optimisation strategy to recycle capital and accelerate its pivot towards New Economy real estate. These steps are taken to ensure that the overall risk-return profile of ESR-REIT is well balanced while the Manager concurrently executed its multi-pronged "clean-up" plan.
- For instance, over the last two years, the Manager has completed and is currently undertaking the following AEIs to attract and retain quality tenants including:

1) Completion of the AEI of 30 Marsiling Industrial Estate Road 8 in 1Q2019 by converting the property from a general industrial to a high-specs industrial property;
2) Completion of the AEI of ESR BizPark @ Changi in 1Q2021 which rejuvenated, refreshed and reinforced the property's position as Singapore's leading business park in the East;
3) Completion of the AEI of 19 Tai Seng Avenue in 4Q2021 and securing over 76.0% committed occupancy, rejuvenating and repositioning the property as a High-Specs industrial development;
4) Maximising the plot ratio at 16 Tai Seng Street by adding an additional floor to increase GFA by approximately 29,000 square feet or 13.8%; and
5) Addition of a new standalone building at 7000 Ang Mo Kio Ave 5 and creating approximately 265,000 square feet of additional GFA to meet demand for quality high-specifications spaces from the advance manufacturing and electronics sector.

- The Manager has divested approximately S$100 million of non-core assets over the last four years achieving close to book value for divestments on a portfolio basis.
- ESR-REIT's capital structure has improved greatly. As at 31 December 2021, ESR-REIT has a well-staggered debt maturity profile with no more than 32.5% of debt expiring in any given year, a weighted debt expiry of 2.4 years and a 100% unencumbered portfolio. The loan margins have reduced by approximately 37 basis points since 2017 for a typical three year loan and the Manager is able to issue perpetual securities. In fact, ESR-REIT issued its inaugural five-year unsecured bond in August 2021 with a coupon of 2.6%[2], versus the 3.95% coupon of the five-year bond issued under Cambridge Industrial Trust in May 2015[3].
- Overall, the Manager believes that its business strategies enabled it to properly manage the overall risk-return profile and execute its 'clean-up' plan in a challenging industrial market in Singapore plagued by an oversupply situation with negative rental reversions and the impact of land lease decay on NAV. As a result of its reduced portfolio risks, bigger size and broader diversification, ESR-REIT was able to refinance its loans earlier and at lower interest margin during the early days of the COVID-19 pandemic in 2020, and also recovered faster in 2021 with year-on-year DPU growth of 6.7%. Despite having only a 25.2%[4] exposure to the logistics sector where prospects are greatly enhanced due to the shifting dynamics in the way goods are being produced, delivered and consumed, ESR-REIT's operations remain stable.
- Had ESR-REIT remained as a small-capitalisation REIT without the support of a committed sponsor, its performance would likely be more severely impacted by the pandemic in comparison to what ESR-REIT experienced in 2020. The DPU and NAV of a small-capitalisation REIT would likely have been impacted from negative rental reversion, expensive debt with short tenures and weighed down by small and dated assets in the portfolio. ESR-REIT has achieved 10-year annualised total returns of 7.9%[5]. In fact, ESR-REIT has been trading at a 10%-20% premium to NAV since the ESR Group became the Sponsor in 2017 except during the peak of the Covid-19 pandemic in 2020.
- This Merger is a continuation of the transformation of ESR-REIT into a sizeable leading New Economy APAC S-REIT well supported by a committed Sponsor. At the same time, the Merger allows ESR-REIT to address the underlying short land leases with a disciplined overseas expansion to access freehold properties and assets with longer land leases. As ESR-REIT's portfolio comprises more freehold and longer land leases, more meaningful AEIs and/or redevelopments can be undertaken as the value add to the underlying property values will more than compensate for the land lease decay (from the Singapore portfolio) which increases both DPU and NAV per unit of the REIT over time.

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2 Please refer to the announcement issued by the Manager on 4 August 2021 titled 'Issue Of S$125,000,000 2.60% Notes Due 2026 Pursuant To The S$750,000,000 Multicurrency Debt Issuance Programme'.

3 Please refer to the announcement issued by the Manager on 14 May 2015 titled 'Pricing Of S$130,000,000 3.95% Fixed Rate Notes Due 2020 Pursuant To The S$500,000,000 Multicurrency Medium Term Note Programme'.

4 By rental income as at 31 December 2021.

5 Please refer to The Business Times article titled "10 S-Reits yielding long-term annualized returns" published on 30 August 2021.

Question 4:

Is size that important? Why can't we just remain as we are?

- For REITs, size increasingly matters.
- From the operational perspective, a larger size equates to better bargaining power with tenants and service providers, economies of scale and the ability to adopt best practices (e.g., embracing building technologies and sustainability).
- On the funding side, a sizable REIT especially one with a large market capitalisation and free float will have access to wider pools of funds (e.g., bank loans, bonds, perpetual securities and equity) and at cheaper costs. A larger size will attract an increased following amongst institutional investors and brokers in both bond and equity markets. A wider following means the ability to raise funds faster and at a cheaper cost.
- Fundamentally, a REIT must distribute at least 90% of its annual taxable income to qualify for tax transparency treatment. In return, the tax transparency treatment benefits unitholders as they receive higher distributions as a result. As a REIT may not retain any of its operating cashflows, access to capital and cost of capital are vital for the continued operation of a REIT whether it is managing existing properties (e.g., capital expenditure), undertaking AEIs and redevelopments, growing via value-accretive acquisitions and refinancing of debt. Without access to wide sources of capital and competitive costs of funding, a REIT will not be able to fully execute its strategies as it is required to distribute at least 90% of its annual taxable income to qualify for tax transparency treatment.
- Size will increasingly matter as large fund managers increasingly manage more funds and are allocating and/or investing into fewer large and liquid entities with strong networks and reach.
- As such, other REITs – including two REITs with vastly different investment mandates e.g., retail malls and office REITs, hotel and office REITs, office/business park and logistics REITs – have merged to scale up their portfolio size for diversification in order to compete for growth.
- As both ESR-REIT and ALOG are in the same industrial sector, the operational synergies from the enlarged REIT will further accelerate its growth especially when it is able to leverage on the Sponsor Resources. If both ESR-REIT and ALOG were to remain on a standalone basis, the downside risks to both ESR-REIT Unitholders and ALOG Unitholders arising from the potential conflicts of interest will be far greater as both REITs may not be able to grow and compete with their increasingly larger sized peers.

Question 5:

Does the Manager have the capacity to manage such a large and diverse portfolio of properties post-Merger? How are you going to integrate the two REITs if the Merger goes through with the ability to harness ALOG management's operational and execution capabilities?

- This is a merger of two REITs in the same sector i.e., industrial / logistics sector. The respective management teams of both REITs have significant experience and expertise in managing industrial / logistics assets and hence, the Manager does not envisage any major issues with integration.
- The Manager has been managing a diverse portfolio comprising Business Parks, High-Specs Industrial, Logistics / Warehouses and General industrial properties while the ALOG Manager specialises in managing logistics properties.
- Post-Merger, the enlarged E-LOG of S$5.4 billion AUM comprises a diversified portfolio with logistics properties accounting for 45.3%[6] while High-Specs Industrial, Business Parks and General Industrial properties account for 54.7% of the portfolio. At the same time, E-LOG's pro-forma debt profile consists of approximately S$2.2 billion[7] of total debt with 3.4 years of weighted average debt expiry. The capital structure of E-LOG comprises a healthy mix of bonds, perpetual securities and bank loans with varying expiries amidst a rising interest rate environment in the near term.

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6 Based on gross rental income for the month of June 2021. Excludes contribution from Fund Properties

7 Includes the new debt facilities to finance the Cash Consideration payable under the Scheme, the refinancing of ALOG's existing debt, derivative liabilities, upfront land premium, stamp duty, estimated professional and other fees and expenses relating to the Merger.

- The Manager will be the manager of E-LOG post-Merger, and Mr. Adrian Chui will continue to be the CEO and Executive Director of the Manager combining his strategic and capital markets expertise with the asset management and operational expertise of Ms. Karen Lee who will be the Deputy CEO of the Manager, to manage the larger and more diverse portfolio. The management team will have strong capabilities across asset, investment, operations, development, capital markets, fund raising and risk management as it accelerates E-LOG's growth to deliver sustainable long-term returns to unitholders.

Question 6:

Will ESR-REIT maintain its focus on mergers and acquisitions since the Manager stressed that size is increasingly important?

- Size is increasingly important as fund managers are increasingly allocating more funds to fewer large liquid entities. The other S-REITs are also scaling up in size to compete for these funds to fund its growth – some via mergers and others via large asset acquisitions (including from their sponsors).
- If this Merger is approved, the total assets of the enlarged E-LOG will be S$5.4 billion, which will provide the Manager with more options to scale up meaningfully. The enlarged E-LOG will be able to directly acquire larger assets and/or portfolio to accelerate its growth.
- In addition, E-LOG will be in a stronger position to leverage on the Sponsor's pipeline of New Economy assets of more than US$59 billion[8], development work-in-progress of over US$10 billion and a development pipeline of over 9 million square metres across 10 countries[9] that is available to the enlarged E-LOG.

Question 7:

Why doesn't the Manager cherry pick and buy the properties of ALOG that are attractive instead of merging with ALOG without careful consideration of the individual merits and demerits of each property?

- The Manager wishes to highlight that the ALOG Manager is not undertaking a sale of any of its underlying assets or putting up its portfolio of assets for sale.
- This Merger came about because ESR-REIT and ALOG now share a common sponsor as a result of the completion of the Proposed ARA Acquisition. As ESR-REIT and ALOG have overlapping mandates, the issue of potential conflicts of interest is now a reality and will negatively impact both REITs in terms of access to the Sponsor Resources and the uncertainties it will generate for both ESR-REIT and ALOG unitholders if not properly addressed.
- More importantly, apart from addressing the conflicts of interest, this Merger provides many strategic benefits in the form of portfolio diversification, wider and cheaper access to funding and access to freehold and longer leasehold land while increasing the capability of the enlarged E-LOG to compete for growth with the continued support of a committed Sponsor.

Question 8:

Given the success of the Merger is not guaranteed, what safeguards or backup plans have been evaluated at board level?

- Following the completion of the Proposed ARA Acquisition on 20 January 2022, there will be conflicts of interest arising between ESR-REIT and ALOG from a common sponsor.
- As stated in the Circular, there are other options to resolve the conflicts of interest if the Merger is not successful, such as the sale of the manager of either ESR-REIT or ALOG to a third party, or the divestment of either REIT's assets. However, it is the Manager's opinion that these options are not in the interests of either REIT's unitholders as such options would not maximise unitholders' value.

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8 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.

9 2021-2023 pipeline as of the financial quarter ended 31 March 2021.

Question 9:

Any role of the independent directors in the negotiation process? Any representative from the ESR Cayman and concert parties in the board of directors of the Manager. If yes, what is his/her role during the process? Are there any voting restrictions imposed on these individuals in board meetings?

- An initial set of terms of the Merger was thoroughly evaluated at a meeting of the board of directors of the Manager and approved by the ESR-REIT Recommending Directors who are directors considered independent for the purposes of the interested person transaction and interested party transaction. In this regard, Mr. Jeffrey Perlman, Mr. Philip Pearce and Mr. Tong Jinquan abstained from participating in the decision-making process of the board of the Manager in respect of the Merger. Thereafter, the terms of the Merger were proposed to the ALOG Manager via a non-binding offer letter. A majority of the boards of directors of both the Manager and the ALOG Manager, and all of the ESR-REIT Recommending Directors and the ALOG Independent Directors, are independent of the Sponsor and ARA.
- There were negotiations between the Manager and the ALOG Manager before an in-principle agreement on the original Scheme Consideration was reached, and such discussions in relation to the Merger were conducted by the CEO and the management team of the Manager within the mandate given and approved by the ESR-REIT Recommending Directors. This was followed by due diligence and other professional parties such as tax advisers and auditors were also brought onboard in September 2021 to commence legal and property due diligence on ALOG (and vice versa). Upon completion of satisfactory due diligence by both parties and the approval from the ESR-REIT Recommending Directors, the Implementation Agreement was executed, followed by the announcement of the Merger on 15 October 2021.
- Prior to the announcement of the revised Scheme Consideration on 22 January 2022, the ESR-REIT Recommending Directors had considered the relevant factors put forth by the Manager and its financial advisers, including (1) the fact that the Proposed ARA Acquisition had been completed on 20 January 2022, thereby crystallising the issue of conflicts of interest between ESR-REIT and ALOG arising from a common sponsor, (2) the rationale for the revised Scheme Consideration, and (3) the rationale for the Merger as set out in paragraph 6 (Rationale for the Merger) of the Letter to ESR-REIT Unitholders in the Circular, before supporting the revision of the Scheme Consideration.

Question 10:

Why are the ESR-REIT Unitholders being asked to bear the brunt of this Merger?

- While the catalyst for the Merger was the Proposed ARA Acquisition, this Merger has many benefits for ESR-REIT Unitholders as set out in paragraph 6 (Rationale for the Merger) of the Letter to ESR-REIT Unitholders in the Circular.
- The ESR Group has been a committed sponsor of ESR-REIT since 2017, providing access to both asset pipelines and financial support for ESR-REIT's transformation from a small capitalisation REIT to a mid-capitalisation REIT which is now a constituent stock in the FTSE EPRA NAREIT Developed Asia Index.
- With the completion of the Proposed ARA Acquisition, the Sponsor has a larger pipeline and wider reach with a portfolio of New Economy assets of more than US$59 billion[10], development work-in-progress of over US$10 billion and a development pipeline of over 9 million square metres across 10 countries[11]. The support of the Sponsor becomes more relevant in accelerating the enlarged E-LOG's growth as the Manager will be able to leverage on the Sponsor's strong network of strategic relationships with leading global e-commerce companies, retailers, logistics service providers and manufacturers in addition to its established local real estate operating platform, while at the same time having the opportunity to access the ESR Group's visible pipeline of assets, particularly its overseas assets.

10 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.

11 2021-2023 pipeline as of the financial quarter ended 31 March 2021.

Question 11:

What is the DPU accretion to ESR-REIT Unitholders under the revised Scheme Consideration vs. the original Scheme Consideration? Which are the main drivers of the DPU accretion?

- The DPU accretion to ESR-REIT Unitholders (on a FY2020 pro forma basis) has reduced slightly from 5.8% to 4.7%. The DPU accretion is driven largely by the following factors:
    1) 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.
    2) Reduction in land rent expenses: Assuming the estimated upfront land premium of approximately S$87.9 million was paid upfront to JTC, ESR-LOGOS REIT would not have incurred any land rent expenses for the ALOG SG Real Properties in FY2020. Such land rent expenses amounted to approximately S$5.6 million (representing approximately 6.4% of the estimated upfront land premium). As the estimated upfront land premium is expected to be funded by the new banking facilities to be provided by the Lending Banks which have a lower cost of debt of 2.25% per annum, this translates to cost savings for ESR-REIT Unitholders and as such increases the distributable income of ESR-LOGOS REIT, leading to DPU accretion.

Question 12:

What is the NAV dilution to ESR-REIT Unitholders under the revised Scheme Consideration vs. the original Scheme Consideration? Which are the main drivers of the NAV dilution?

- The NAV dilution to ESR-REIT Unitholders (on a FY2020 pro forma basis) has increased from 6.4% to 8.5%. The NAV dilution is driven largely by the following factors:
    1) Increase in the number of ESR-REIT Units (approximately 2.57 billion new ESR-REIT Units) as 90% of the revised Scheme Consideration will be satisfied through the issuance of new Consideration Units.
    2) Fair value adjustment in the investment properties post-Merger due to the premium over NAV offered for ALOG Units, including write-off of capitalised acquisition fee, stamp duty and transaction costs amounting to approximately S$446 million.

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[12]. 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 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.

12 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.

This announcement 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 announcement 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.