

APPENDIX DATED 8 APRIL 2021

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix is circulated to holders of units in ARA LOGOS Logistics Trust (“**ALOG**”, the units in ALOG, “**Units**”, and the holders of Units, “**Unitholders**”). Its purpose is to provide Unitholders with information on the Proposed Development Management Fee (as defined herein) to be tabled at the annual general meeting of Unitholders to be convened and held by way of electronic means on 30 April 2021 at 2 p.m. (the “**AGM**”).

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Appendix. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your Units, you should immediately forward this Appendix, together with the Notice of AGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

ARALOGOS

LOGISTICS TRUST

(a real estate investment trust constituted on 11 February 2010
under the laws of the Republic of Singapore)

MANAGED BY

ARA LOGOS LOGISTICS TRUST MANAGEMENT LIMITED

(Company Registration No. 200919331H)

APPENDIX TO UNITHOLDERS IN RELATION TO: THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

Independent Financial Adviser appointed pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Trustee, Independent Directors and the Audit Committee (each as defined herein) in relation to the Proposed Development Management Fee Supplement



RHT CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

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ARALOGOS

LOGISTICS TRUST

(a real estate investment trust constituted on 11 February 2010
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Directors of the Manager

Mr Lim How Teck
(Chairman and Non-Executive Director)
Mr Lim Lee Meng
(Lead Independent Non-Executive Director)
Mr Lim Kong Puay
(Independent Non-Executive Director)
Mr Oh Eng Lock
(Independent Non-Executive Director)
Mr Stephen George Hawkins
(Non-Executive Director)
Ms Low Poh Choo
(Non-Executive Director)

Registered Office

50 Collyer Quay
#05-05 OUE Bayfront
Singapore 049321

8 April 2021

To: Unitholders of ARA LOGOS Logistics Trust

Dear Sir/Madam

1. INTRODUCTION

The Appendix is to provide the Unitholders with information on Extraordinary Resolution 4 as set out in the Notice of AGM.

ARA LOGOS Logistics Trust Management Limited, in its capacity as manager of ALOG (the “**Manager**”), is seeking approval from Unitholders at the AGM for the proposed supplement to the trust deed dated 11 February 2010 constituting ALOG, as amended and supplemented by supplemental deeds thereto dated 18 March 2010, 29 September 2014, 31 May 2018, 2 April 2020 and 28 April 2020 respectively, and amended and restated by the first amending and restating deed dated 13 April 2016 (the “**Trust Deed**”) to supplement the Trust Deed by introducing a development management fee payable to the Manager in the manner set out in **Annex A** of this Appendix (the “**Proposed Development Management Fee Supplement**”).

The Manager has engaged Allen & Gledhill LLP as its legal adviser in relation to the Proposed Development Management Fee Supplement.

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2. THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT AND ITS RATIONALE

2.1 The Proposed Development Management Fee Supplement

The Manager proposes to supplement the Trust Deed by introducing a development management fee (the “**Development Management Fee**”) payable to the Manager for the purpose of facilitating the undertaking of Development Projects¹ on behalf of ALOG.

The Development Management Fee shall be an amount not exceeding 3.0% of the Total Project Costs (as defined below in this **paragraph 2.1**) incurred in a Development Project undertaken by the Manager on behalf of ALOG.

When the estimated Total Project Costs are greater than S\$100 million, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of ALOG (the “**Trustee**”), and the Manager’s independent directors (the “**Independent Directors**”) will first review and approve the quantum of the Development Management Fee payable to the Manager whereupon the Manager may be directed by the Independent Directors to reduce the Development Management Fee.

In cases where either the Manager or the Independent Directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors shall have the discretion to direct the Manager to accept a Development Management Fee to such amount which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of ALOG. For the avoidance of doubt, the Independent Directors will have the final say on the Development Management Fee.

Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution².

For the purpose of calculating the Development Management Fee, “**Total Project Costs**” means the sum of the construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor, principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager, cost of obtaining all approvals for the project, site staff costs,

- 1 “**Development Project**” means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by ALOG, provided always that the Property Funds Appendix (as defined herein) shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.
- 2 “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes for and against such resolution at a meeting of Unitholders.

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interest costs on borrowings used to finance project cashflows that are capitalised to the development project in line with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard and any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price, underlying value of such land or any applicable land premium).

Subject to Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), the Development Management Fee shall be payable in the form of cash and/or Units (as the Manager may elect) and in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or paid by the Manager when the Total Project Costs is finalised. For the avoidance of doubt, the aggregate monthly instalments will not exceed 3.0% of the Total Project Costs.

The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere.

In undertaking any Development Project, the Manager will comply with all applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities. The Property Funds Appendix stipulates that the total contract value of property development activities undertaken should not exceed 10.0% of the property fund's deposited property but such development limit can be increased to up to 25.0% of the property fund's deposited property subject to certain conditions³. For illustrative purposes only, based on ALOG's current deposited property of S\$1,337.82 million as at the Latest Practicable Date, the Manager may undertake property development activities with a total contract value of up to S\$133.78 million (based on the 10.0% development limit) or, subject to the aforementioned conditions, up to S\$334.45 million (based on the 25.0% development limit). Depending on the property development opportunities available to ALOG, the Manager may, subject to the aforementioned conditions, increase ALOG's development limit to up to 25.0%.

³ These conditions as set out in paragraph 7.1(d) of the Property Funds Appendix are (i) the additional allowance of up to 15% of the REIT's deposited property is utilised solely for the redevelopment of an existing property that has been held by the property fund for at least three years and which the REIT will continue to hold for at least three years after the completion of the redevelopment; and (ii) the REIT obtains the specific approval of participants at a general meeting for the redevelopment of the property.

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Subject to approval from Unitholders for the Proposed Development Management Fee Supplement, the Manager intends to supplement the Trust Deed with the Proposed Development Management Fee Supplement in the manner set out in Annex A of this Appendix.

For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an acquisition fee on the land costs.

2.2 Responsibilities of the Manager as Development Manager

As development manager, the Manager shall be responsible for providing development management services such as:

- (a) conducting feasibility studies and reviewing the overall business plan of the development project;
- (b) overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- (c) making site selection and negotiating with government authorities on land allocation and planning conditions;
- (d) appointing and working closely with service providers including but not limited to the project manager, architect, engineers and consultants to ensure that the consultants' duties are carried out in accordance with professional standards, and to carry out relevant value engineering to ensure a cost-efficient building;
- (e) providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- (f) reporting and making recommendations to the Trustee on a regular basis, in particular, on the cost and progress of the development project;
- (g) attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration; and
- (h) where a prospective master lessee/operator/tenant is involved:
 - a. establishing the prospective master lessee/operator/tenant's real estate requirements;
 - b. liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;

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- c. establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
- d. finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

In addition, the Manager may at its sole discretion, and at its own expense, appoint one or more service providers to perform all or some of the development management services, provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fees as the fee payable to the service provider will be paid out of the Development Management Fee. The Development Manager will be responsible for the costs arising from the appointment of the service providers if the scope of works from such service providers are within the scope under the Development Manager.

The Manager and the Independent Financial Adviser, based on the findings set out in paragraph 4.2 of the IFA Letter (each as defined herein), are of the view that the scope of the responsibilities of the Development Manager is in line with comparable market practices.

2.3 Rationale for the Proposed Development Management Fee Supplement

Where opportunities arise, the Manager intends to complement its existing strategy of investing primarily in real estate which is mainly used for logistics purposes by enhancing the ability of ALOG to undertake development activities. For the avoidance of doubt, development activities are not a diversification of ALOG's mandate as the Property Funds Appendix allows all real estate investment trusts to undertake development activities subject to certain limits and the Manager will comply with the requirements of the Property Funds Appendix in undertaking development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take up to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

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In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in **paragraph 2.2** above) is significantly more than the services rendered for an acquisition.

The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Unitholders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of ALOG's portfolio, as the case may be, and provide growing distributions to Unitholders. In the event that the Manager decides to undertake a development project, it will ensure that it has suitably qualified staff with the relevant background and expertise in relation to development activities.

The Manager is also of the view that the proposed fee payment arrangement is in line with practices by certain other real estate investment trusts that are listed in Singapore. Further, the Independent Financial Adviser has noted in paragraph 4.2 of the IFA Letter that based on the findings set out therein, the Development Management Fee of not exceeding 3.0% of the Project Costs is in line with the development management fees paid by comparable REITs or trusts and the Proposed Development Management Fee Supplement is in line with comparable market practices.

2.4 Application of Development Management Fee

Subject to approval from Unitholders for the Proposed Development Management Fee Supplement, the Development Management Fee will be chargeable in respect of all future Development Projects undertaken by the Manager on behalf of ALOG.

2.5 Abstention from Voting

ARA LOGOS Logistics Trust Management Limited, being the manager of ALOG, is considered an "interested person" of ALOG for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (the "Listing Manual"). Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any director of the Manager (a "Director") from voting their Units at, or being part of a quorum for, any meeting to approve any matter in which they have a material interest.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the AGM, or accepting appointments as proxies unless specific instructions as to voting are given.

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Given that the Proposed Development Management Fee Supplement directly affects the Manager's fees, the Manager and its associates will abstain from voting on the resolution at the AGM. Further, the Manager will not and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given.

In the interests of good corporate governance, Mr Lim How Teck, Mr Stephen George Hawkins and Ms Low Poh Choo, being the non-independent Directors of the Manager, will also abstain from voting on the resolution at the AGM.

2.6 Advice of the Independent Financial Adviser

The Manager has appointed RHT Capital Pte. Ltd. (the "**Independent Financial Adviser**") pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Trustee, the Independent Directors and the Audit Committee of the Manager (the "**Audit Committee**") in relation to the Proposed Development Management Fee Supplement. A copy of the letter from the Independent Financial Adviser (the "**IFA Letter**"), containing its advice in full, is set out in **Annex B** of this Appendix and Unitholders are advised to read the IFA Letter carefully.

The advice of the Independent Financial Adviser to the Trustee, the Independent Directors and the Audit Committee has been extracted from the IFA Letter and is reproduced in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

5. OUR OPINION

In arriving at our recommendation in respect of the Proposed Development Management Fee Supplement, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

In our evaluation of the Proposed Development Management Fee Supplement, we have given due consideration to, inter alia, the following key factors:

- (a) Rationale for the Proposed Development Management Fee Supplement; and*
- (b) Comparison of the Proposed Development Management Fee Supplement with development management fees payable by comparable REITs and trusts that are listed on the SGX-ST.*

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Development Management Fee Supplement is based on normal commercial terms and is not prejudicial to the interests of ALOG and its minority Unitholders."

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Accordingly, the Independent Financial Adviser has advised the Independent Directors and the Audit Committee to recommend that Unitholders vote in favour of the resolution in connection with the Proposed Development Management Fee Supplement to be proposed at the AGM.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

3.1 Interests of Directors

As at 16 March 2021, being the latest practicable date prior to the issuance of this Appendix (the “**Latest Practicable Date**”), certain Directors collectively hold an aggregate direct and indirect interest in 1,964,100 Units. Further details of the interests in Units of Directors and Substantial Unitholders⁴ are set below.

Mr Lim How Teck is the Chairman and a Non-Executive Director of the Manager. Mr Lim Lee Meng is the Lead Independent Non-Executive Director of the Manager. Mr Lim Kong Puay is an Independent Non-Executive Director of the Manager. Mr Oh Eng Lock is an Independent Non-Executive Director of the Manager. Mr Stephen Hawkins is a Non-Executive Director of the Manager. Ms Low Poh Choo is a Non-Executive Director of the Manager.

Based on the Register of Directors’ Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

| Name of Directors | Direct Interest | | Deemed Interest | | Total No. of Units held | %(1) |
|------------------------|-----------------|-------|-----------------|------|-------------------------|-------|
| | No. of Units | %(1) | No. of Units | %(1) | | |
| Lim How Teck | 1,938,600 | 0.152 | – | – | 1,938,600 | 0.152 |
| Lim Lee Meng | – | – | – | – | – | – |
| Lim Kong Puay | – | – | – | – | – | – |
| Oh Eng Lock | 25,500 | 0.002 | – | – | 25,500 | 0.002 |
| Stephen George Hawkins | – | – | – | – | – | – |
| Low Poh Choo | – | – | – | – | – | – |

Note:

(1) The percentage interest is based on total issued Units of 1,278,078,909 as at the Latest Practicable Date.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Proposed Development Management Fee Supplement.

4 “**Substantial Unitholder**” refers to a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.

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3.2 Interests of Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the Latest Practicable Date are as follows:

| Name of Substantial Unitholders | Direct Interest | | Deemed Interest | | Total No. of Units held | %(1) |
|--|-----------------|------------------|-----------------|------------------|-------------------------|-------|
| | No. of Units | % ⁽¹⁾ | No. of Units | % ⁽¹⁾ | | |
| LOGOS Units No. 1 Ltd | 140,032,348 | 10.96 | – | – | 140,032,348 | 10.96 |
| LOGOS Property Group Limited ⁽¹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Logistics Venture I Limited ⁽²⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Logistics Partners Limited ⁽²⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Logistics (Holdings) Pte. Ltd. ⁽²⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Athena Logistics Holding Ltd ⁽³⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Asset Management Limited ⁽⁴⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Investment (Cayman) Limited ⁽⁵⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| ARA Asset Management Holdings Pte. Ltd. ⁽⁶⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Straits Equities Holdings (One) Pte. Ltd. ⁽⁷⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| The Straits Trading Company Limited ⁽⁷⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| The Cairns Pte. Ltd. ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Raffles Investments Private Limited ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Tecity Pte. Ltd. ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Aequitas Pte. Ltd. ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Tan Chin Tuan Pte. Ltd. ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Dr Tan Kheng Lian ⁽⁸⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Alexandrite Gem Holdings Limited ⁽⁹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| WP Global LLC ⁽⁹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Warburg Pincus Partners II, LP ⁽⁹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Warburg Pincus Partners GP LLC ⁽⁹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Warburg Pincus & Co. ⁽⁹⁾ | – | – | 140,032,348 | 10.96 | 140,032,348 | 10.96 |
| Lim Hwee Chiang ⁽¹⁰⁾ | 1,270,900 | 0.10 | 141,303,308 | 11.06 | 142,574,208 | 11.16 |

Notes:

- (1) As LOGOS Property Group Limited holds the entire issued share capital of LOGOS Units No. 1 Ltd, it is therefore treated as having an interest in the Units held by LOGOS Units No. 1 Ltd.
- (2) LOGOS Units No. 1 Ltd is a subsidiary of LOGOS Property Group Limited, which is in turn a subsidiary of ARA Logistics Venture I Limited. ARA Logistics Venture I Limited is a subsidiary of ARA Logistics Partners Limited which is in turn a subsidiary of ARA Logistics (Holdings) Pte. Ltd.. Accordingly, each of ARA Logistics Venture I Limited, ARA Logistics Partners Limited and ARA Logistics (Holdings) Pte. Ltd. are deemed to be interested in the Units held by LOGOS Units No. 1 Ltd.
- (3) Athena Logistics Holding Ltd, wholly-owned by certain private equity funds which are limited partnerships ("the Funds") managed by Warburg Pincus LLC, a New York limited liability company, holds more than 20% of the issued share capital of ARA Logistics Venture I Limited. It is accordingly also deemed interested in the Units.

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- (4) ARA Asset Management Limited holds 100% of the shares of ARA Logistics (Holdings) Pte. Ltd.
- (5) ARA Investment (Cayman) Limited holds 100% of the shares of ARA Asset Management Limited.
- (6) ARA Asset Management Holdings Pte. Ltd. ("**ARA Holdings**") holds 100% of the shares of ARA Investment (Cayman) Limited.
- (7) The Straits Trading Company Limited ("**STC**"), through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., holds more than 20% of the voting rights in ARA Holdings. Accordingly, STC and Straits Equities Holdings (One) Pte. Ltd. are therefore deemed to be interested in the Units held by ARA Holdings.
- (8) STC, through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., holds more than 20% of the voting rights in ARA Asset Management Holdings Pte. Ltd.. The Cairns Pte. Ltd. ("**Cairns**") holds more than 50% of the voting rights of STC. Each of Raffles Investments Private Limited ("**Raffles**"), Tecity Pte. Ltd. ("**Tecity**") and Tan Chin Tuan Pte. Ltd. ("**TCT**") holds not less than 20% of the voting rights of Cairns. Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50% of the voting rights of Raffles. Dr Tan Kheng Lian holds more than 50% of the voting rights of TCT. By virtue of this, each of Cairns, Raffles, Tecity, TCT, Aequitas and Dr Tan Kheng Lian has a deemed interest in the Units held by LOGOS Units No. 1 Ltd.
- (9) Alexandrite Gem Holdings Limited ("**AGHL**") holds more than 20% of the voting rights of ARA Holdings. Accordingly, AGHL, through ARA Holdings, is deemed interested in all the Units which ARA Holdings is deemed interested in. AGHL is wholly-owned by the Funds managed by Warburg Pincus LLC, a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership ("**WP XII GP**"), and Warburg Pincus China GP, L.P, a Delaware limited partnership ("**WPC GP**"), are the general partners of the Funds. WP Global LLC, a Delaware limited liability company ("**WP Global**"), is the general partner of each of WP XII GP and WPC GP. Warburg Pincus Partners II, L.P., a Delaware limited partnership ("**WPP II**") is the managing member of WP Global. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("**WPP GP LLC**"), is the general partner of WPP II. Warburg Pincus & Co., a New York general partnership ("**WP**"), is the managing member of WPP GP LLC. By virtue of this, each of WP Global, WPP GP LLC and WP has a deemed interest in all the Units which ARA Holdings is deemed interested in.
- (10) Lim Hwee Chiang holds 100% of the shares in JL Investment Group Limited ("**JLIG**") and in JL Investment Group II Limited ("**JLIG II**"). Lim Hwee Chiang holds 19.85% of the shares of ARA Holdings through JLIG and had on 2 June 2020 acquired shares in ARA Holdings through JLIG II (the "**ARA Shares**") which resulted in Lim Hwee Chiang holding more than 20.0% interest in ARA Holdings. ARA Holdings holds 100% of the shares of ARA Investment (Cayman) Limited, which holds 100% of the shares of ARA Asset Management Limited, which in turn holds 100% of the shares of ARA Logistics (Holdings) Pte. Ltd. LOGOS Units No. 1 Ltd. holds Units and is a subsidiary of LOGOS Property Group Limited, which is in turn a subsidiary of ARA Logistics Venture I Limited. ARA Logistics Venture I Limited is a subsidiary of ARA Logistics Partners Limited, which is in turn a subsidiary of ARA Logistics (Holdings) Pte. Ltd. Accordingly, Lim Hwee Chiang is therefore deemed to be interested in the Units held by LOGOS Units No. 1 Ltd. Apart from the deemed interest in the Units arising from the transaction described above, Lim Hwee Chiang also holds 0.10% of the Units directly and has a deemed interest in 0.10% of the Units held by Citibank Nominees Singapore Pte. Ltd (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr. Lim is the settlor of JL Charitable Settlement. II, WPP GP LLC and WP has a deemed interest in all the Units which ARA Holdings is deemed interested in.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Substantial Unitholders has an interest, direct or indirect, in the Proposed Development Management Fee Supplement.

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4. DIRECTORS' RECOMMENDATION

The Independent Directors and the Audit Committee advise that Unitholders read the information on the Proposed Development Management Fee Supplement set out in this Appendix and **Annex A** of this Appendix carefully.

Based on the rationale for the Proposed Development Management Fee Supplement as set out in **paragraph 2.3** above and the opinion of the Independent Financial Adviser (as set out in the IFA Letter found in **Annex B** of this Appendix), (a) the Independent Directors and the Audit Committee are of the view that the Proposed Development Management Fee Supplement is based on normal commercial terms and would not be prejudicial to the interests of ALOG and its minority Unitholders and (b) the Independent Directors and the Audit Committee recommend that Unitholders vote at the AGM in favour of the resolution relating to the Proposed Development Management Fee Supplement.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Development Management Fee Supplement, ALOG and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

6. CONSENT

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Appendix with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which it is included in this Appendix.

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7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the IFA Letter as set out in **Annex B** of this Appendix is available for inspection during normal business hours at the registered office of the Manager⁵ at 50 Collyer Quay, #05-05 OUE Bayfront, Singapore 049321 from the date of this Appendix up to and including the date falling three months after the date of this Appendix.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as ALOG is in existence.

5 Prior appointment with the Manager will be appreciated.

IMPORTANT NOTICE

This Appendix does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of ALOG in Singapore or any other jurisdictions. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Unitholders have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of ALOG is not indicative of the future performance of ALOG. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Appendix 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Appendix, together with the Notice of AGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

GLOSSARY

In this Appendix, the following definitions apply throughout unless otherwise stated:

| | | |
|--------------------------------------|---|---|
| % | : | Per centum or percentage |
| AEQUITAS | : | Aequitas Pte. Ltd. |
| AGHL | : | Alexandrite Gem Holdings Limited |
| AGM | : | The annual general meeting of Unitholders to be convened and held by way of electronic means on 30 April 2021 at 2.00 p.m. and at any adjournment thereof |
| ALOG | : | ARA LOGOS Logistics Trust |
| APPENDIX | : | This Appendix to Unitholders dated 8 April 2021 |
| AUDIT COMMITTEE | : | Audit Committee of the Manager, being Mr Lim Lee Meng, Mr Lim Kong Puay and Mr Oh Eng Lock |
| CAIRNS | : | The Cairns Pte. Ltd. |
| CDP | : | The Central Depository (Pte) Limited |
| Development Management Fee | : | The development management fee payable to the Manager for the purpose of facilitating the undertaking of Development Projects on behalf of ALOG |
| Development Project | : | A project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by ALOG, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations |
| Director | : | A director of the Manager |
| Funds | : | Certain private equity funds which are limited partnerships managed by Warburg Pincus LLC |
| IFA Letter | : | A copy of the letter from the Independent Financial Adviser, as set out in Annex B of this Appendix |
| Independent Directors | : | The independent directors of the Manager |
| Independent Financial Adviser | : | RHT Capital Pte. Ltd. |

GLOSSARY

| | | |
|---|---|--|
| Latest Practicable Date | : | 16 March 2021, being the latest practicable date prior to the issuance of this Appendix |
| Listing Manual | : | Listing Manual of the SGX-ST |
| Manager | : | ARA LOGOS Logistics Trust Management Limited, in its capacity as manager of ALOG |
| Property Funds Appendix | : | Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore |
| Proposed Development Management Fee Supplement | : | The proposed supplement to the Trust Deed to introduce a development management fee payable to the Manager in the manner set out in Annex A of this Appendix |
| Raffles | : | Raffles Investments Private Limited |
| SGX-ST | : | Singapore Exchange Securities Trading Limited |
| STC | : | The Straits Trading Company Limited |
| Substantial Unitholder | : | A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue |
| TCT | : | Tan Chin Tuan Pte. Ltd. |
| Tecity | : | Tecity Pte. Ltd. |
| Total Project Costs | : | The sum of the construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor, principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager, cost of obtaining all approvals for the project, site staff costs, interest costs on borrowings used to finance project cashflows that are capitalised to the development project in line with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard and any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price, underlying value of such land or any applicable land premium). |

GLOSSARY

| | | |
|-------------------|---|--|
| Trust Deed | : | The trust deed dated 11 February 2010 constituting ALOG, as amended, varied, restated or supplemented from time to time |
| Trustee | : | HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of ALOG |
| Unit | : | A unit representing an undivided interest in ALOG |
| Unitholder | : | The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose securities account with CDP is credited with Units |
| WP | : | Warburg Pincus & Co. |
| WP Global | : | WP Global LLC |
| WP XII GP | : | Warburg Pincus XII, L.P. |
| WPC GP | : | Warburg Pincus China GP, L.P. |
| WPP GP LLC | : | Warburg Pincus Partners GP LLC |
| WPP II | : | Warburg Pincus Partners II, L.P. |

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded off.

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The proposed form of the amendments to the Trust Deed upon Unitholders' approval of the Proposed Development Management Fee Supplement is as follows:

- that Clause 1.1 of the Trust Deed be amended by inserting the following definitions of "Development Management Fee" and "Development Project" as indicated by the underlined text immediately after the definition of "Depository Services Agreement":

"Development Management Fee" means the development management fee payable to the Manager which is determined in accordance with Clause 15.6;

"Development Project" means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;

- that Clause 1.1 of the Trust Deed be amended by inserting the following definition of "Total Project Costs" as indicated by the underlined text immediately after the definition of "this Deed":

"Total Project Costs" means the sum of the following:

- (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard,

ANNEX A

but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price, underlying value of such land or any applicable land premium);

- that Clause 4.4.18 of the Trust Deed be amended to reflect the addition as indicated by the underlined text:

4.4.18 the Management Fee, the Acquisition Fee, the Divestment Fee, the Development Management Fee and the remuneration of the Trustee pursuant to Clause 15;

- that Clause 15.5 of the Trust Deed be amended to reflect the addition as indicated by the underlined text and the deletion as indicated by the text in strikethrough:

15.5 **Special Purpose Vehicles**

In relation to Investments which are owned or held, either directly or indirectly, by a Special Purpose Vehicle, notwithstanding anything contained in this Deed:

- 15.5.1 each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee shall be calculated on the same basis as if the Investments, or the pro-rated share of the Investments in the case where the interest of the Trust in the Special Purpose Vehicle is partial, had been held directly by the Trustee;
- 15.5.2 each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee together with all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on such fees by the relevant authorities in Singapore or elsewhere may be paid, at the Manager's election, by the Trustee, the Special Purpose Vehicle or a combination of both;
- 15.5.3 for each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee, if the Manager elects to receive any of such payment either wholly or partially from the Special Purpose Vehicle, the Manager shall under no circumstances be entitled to receive payment of an amount greater than what the Manager would have been entitled to if it had elected to receive payment from the Trustee or where the relevant Investments had been held directly by the Trustee;
- 15.5.4 where the interest of the Trust in the Special Purpose Vehicle is partial, the payment of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee shall be pro-rated, if applicable, to the proportion of the Trust's interest in the Special Purpose Vehicle; and

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15.5.5 in the event that payment of the Base Fee, the Performance Fee, the Acquisition Fee, or the Divestment Fee or the Development Management Fee to the Manager by the Special Purpose Vehicle is to be made in the form of Units, the payment of such Units may be satisfied by the issuance of Units in accordance with the provisions of this Clause 15 to be applied mutatis mutandis.

- that Clause 15 of the Trust Deed be amended by inserting the following new sub-clause as indicated by the underlined text immediately after Clause 15.5 of the Trust Deed and the subsequent sub-clauses be re-numbered accordingly:

15.6 Development Management Fee

15.6.1 The Manager is entitled to receive for its own account out of the Deposited Property a development management fee ("**Development Management Fee**") not exceeding 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$100 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where either the Manager or the Manager's independent directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the independent directors of the Manager shall have the discretion to direct the Manager to accept a Development Management Fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

15.6.2 Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders duly convened and held in accordance with the provisions of Schedule 1.

15.6.3 The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. The amount of the Development Management Fee (if any) payable to the Manager shall be exclusive of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee

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by the relevant authorities in Singapore or elsewhere. If GST and/or any other applicable sales tax, governmental impositions, duties and/or levies whatsoever is imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere, such amounts may be paid to the Manager in the form of Cash and/or Units (as the Manager may elect, such election to be made prior to the payment of such fee), and where it is paid in the form of Units, the Manager shall pay the relevant authorities the GST and/or any other applicable sales tax, governmental impositions, duties and/or levies in cash. The issuance of such additional Units in relation to the GST and/or any other applicable sales tax, governmental impositions, duties and/or levies whatsoever imposed on the Development Management Fee shall be in accordance with Clause 15.6.4 in the same manner as how Units are issued for the payment of the Development Management Fee.

15.6.4 Subject to the Property Funds Appendix, the Development Management Fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager's subsidiaries) in the form of Cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the Development Management Fee). When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Development Management Fee at the prevailing Market Price at the time of issue of such Units as determined under Clause 5.3.1⁶. In the event payment is to be made in the form of Units and the Holders' approval for the issuance of Units is required but not obtained, then payment of that excess part of the Development Management Fee will be paid in the form of Cash.

15.6.5 For the avoidance of doubt, the Manager may at its sole discretion appoint one or more service providers to perform all or some of the development management services provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fees as the fee payable to the service provider will be paid out of the Development Management Fee.

6 For information only, Clause 5.3.1 defines Market Price to mean (i) weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which the Trust is Listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or the relevant Recognised Stock Exchange) immediately preceding the relevant Business Day; or (ii) if the Manager believes that the calculation in Clause 5.3.1(i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Manager and the Trustee (after consultation with a Stockbroker approved by the Trustee), as being the fair market price of a Unit. For the avoidance of doubt, this footnote is for ease of reference by Unitholders and does not form part of the amendment to the Trust Deed.

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- that Clause 19.1.25 be amended to reflect the deletion as indicated by the text in strikethrough:

19.1.25 if necessary, enter into agreements for placement, offer, subscription and/or underwriting of issues of new Units (including the provision of any representation, warranty, undertaking or the granting of any guarantee and/or indemnity in relation thereto); ~~and~~
- that Clause 19.1 of the Trust Deed be amended by inserting the following new sub-clause 19.1.26 as indicated by the underlined text immediately after Clause 19.1.25 of the Trust Deed and the subsequent sub-clause be renumbered accordingly:

19.1.26 provide or procure the provision of development management services to the Trust in respect of Development Projects; and
- that Paragraph 5(i)(b) of Schedule 1 of the Trust Deed be amended to reflect the addition as indicated by the underlined text:

(b) sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Divestment Fee, the Development Management Fee and the Trustee's remuneration as provided in Clause 15 of this Deed

ANNEX B**INDEPENDENT FINANCIAL ADVISER'S LETTER****RHT CAPITAL PTE. LTD.**

(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
6 Raffles Quay, #24-02
Singapore 048580

8 April 2021

- To:
1. **HSBC Institutional Trust Services (Singapore) Limited**
(as Trustee of ARA LOGOS Logistics Trust)
 2. The Independent Directors and the Audit Committee of
ARA LOGOS Logistics Trust Management Limited
(as Manager of ARA LOGOS Logistics Trust)

Independent Directors

| | |
|------------------|---|
| Mr Lim Lee Meng | (Lead Independent Non-Executive Director) |
| Mr Lim Kong Puay | (Independent Non-Executive Director) |
| Mr Oh Eng Lock | (Independent Non-Executive Director) |

Audit Committee

| | |
|------------------|-----------------------------------|
| Mr Lim Lee Meng | (Chairman of the Audit Committee) |
| Mr Lim Kong Puay | (Member of the Audit Committee) |
| Mr Oh Eng Lock | (Member of the Audit Committee) |

Dear Sirs,

**INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED DEVELOPMENT
MANAGEMENT FEE SUPPLEMENT**

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 8 April 2021 issued by ARA LOGOS Logistics Trust to its unitholders shall have the same meaning herein.

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1. INTRODUCTION

The board of directors ("**Directors**") of ARA LOGOS Logistics Trust Management Limited, as the manager ("**Manager**") of ARA LOGOS Logistics Trust ("**ALOG**"), would like to propose that the Manager supplement the deed of trust entered into between the Manager and HSBC Institutional Trust Services (Singapore) Ltd, in its capacity as trustee of ALOG ("**Trustee**", and the deed of trust, "**Trust Deed**"), by introducing a development management fee ("**Proposed Development Management Fee**"), and the supplement introducing the Proposed Management Fee ("**Proposed Development Management Fee Supplement**") in the appendix to the notice of the annual general meeting dated 8 April 2021 ("**Appendix**") issued by ALOG to its unitholders ("**Unitholders**").

The Proposed Development Management Fee is a fee payable to the Manager, for the purpose of facilitating the undertaking of projects involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by ALOG, subject to certain conditions (individually, a "**Development Project**"), but does not include refurbishment, retrofitting and renovations.

ALOG was formerly known as Cache Logistics Trust and was constituted on 11 February 2010 under a trust deed entered into between the Manager and the Trustee. It was officially listed on the Mainboard of Singapore Exchange Securities Trading Pte. Ltd. ("**SGX-ST**") on 12 April 2010 and subsequently changed its name to ALOG with effect from 28 April 2020, following the completion of the acquisition of a majority stake in LOGOS, by ARA Asset Management Limited ("**ARA**") on 5 March 2020 ("**ARA LOGOS Acquisition**").

As at 31 December 2020, ALOG's portfolio comprised 27 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia. The portfolio has a total gross floor area of approximately 9.0 million square feet and is valued at approximately S\$1.28 billion. As at the Latest Practicable Date, ALOG has 1,278,078,909 Units in issue and has a market capitalisation of approximately S\$907.4 million.

ALOG is managed by the Manager, which is a wholly-owned subsidiary of LOGOS Group ("**LOGOS**"). ARA Asset Management Limited ("**ARA**") is a majority shareholder of LOGOS, which operates as ARA's global logistics real estate platform. LOGOS is one of Asia Pacific's leading logistics property groups with over 7.3 million square metre of property owned and under development, and completed assets under management of S\$14.4 billion across 24 ventures, including ALOG. As a vertically integrated business, LOGOS manages every aspect of logistics real estate, from sourcing land or facilities, to undertaking development and asset management, on behalf of some of the world's leading global real estate investors.

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ARA is a leading APAC real assets fund manager with a global reach. With S\$116.0 billion¹ in gross assets under management as at 31 December 2020, ARA offers value-added investment solutions in both public and private markets, managing listed and unlisted real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit across 28 countries. As part of its investor-operator philosophy, the ARA Group also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management business is driven by dedicated teams with in-depth market knowledge and local expertise in all countries where it operates and invests. The ARA Group strives to work sustainably, is mindful of its impact on the environment, and aims to leverage technology to work smart and achieve better outcomes for its stakeholders. Built on a foundation of strong corporate governance and business integrity, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

The Proposed Development Management Fee is to be an amount not exceeding 3.0% of the total project costs to be incurred in a Development Project undertaken and managed by the Manager on behalf of ALOG. Subject to approval from Unitholders, the Proposed Development Management Fee will be chargeable in respect of all future Development Projects undertaken by the Manager on behalf of ALOG.

The Manager is considered an "interested person" of ALOG for purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Listing Manual**"). Given that the Proposed Development Management Fee directly affects the Manager's fees, the inclusion of the Proposed Development Management Fee in the Trust Deed is subject to the approval of Unitholders.

As such, the Manager is desirous of obtaining the approval of Unitholders at the upcoming annual general meeting ("**AGM**") of ALOG to amend the Trust Deed to allow the payment of the Proposed Development Management Fee, subject to the maximum Development Management Fee of 3.0%. For the avoidance of doubt, any increase in the percentage of the Proposed Development Management Fee or any change in the structure of the Proposed Development Management Fee shall be approved again in a fresh extraordinary general meeting to be convened.

¹ Includes assets under management by ARA Asset Management Limited and the Group of companies ("**ARA Group**") and its Associates.

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In relation to the above and pursuant to Rule 921(4)(a) of the Listing Manual, and pursuant to Rule 921(4)(a) of the Listing Manual, the Manager intends to appoint an independent financial adviser (“**IFA**”) to advise: (i) the Trustee; (ii) the independent directors of the Manager (“**Independent Directors**”); and (iii) the members of the Audit Committee of the Manager (“**Audit Committee**”), in relation to the Proposed Development Management Fee Supplement and the relevant resolution to be proposed at the AGM.

Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Manager as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Trustee, the Independent Directors and the Audit Committee as to whether the Proposed Development Management Fee Supplement is based on normal commercial terms and prejudicial to the interests of ALOG and its minority Unitholders.

As above, as the Manager is considered an “interested person” of ALOG, Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any Director from voting their Units at, or being part of a quorum for, any meeting to approve any matter in which they have a material interest. Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the AGM, or accepting appointments as proxies unless specific instructions as to voting are given.

As the Proposed Development Management Fee Supplement directly affects the Manager’s fees, the Manager and its associates will abstain from voting on the resolution at the AGM. Further, the Manager will not and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given.

In the interests of good corporate governance, the non-Independent Directors of the Manager, Mr Lim How Teck, Mr Stephen George Hawkins and Ms Low Poh Choo, will also abstain from voting on the resolution at the AGM. Mr Lim Lee Meng, Mr Lim Kong Puay and Mr Oh Eng Lock, being the Independent Directors, will be making a recommendation on the Proposed Development Management Fee Supplement.

This letter (“**Letter**”) is addressed to the Trustee, the Independent Directors and the Audit Committee and sets out, *inter alia*, our evaluation and recommendation on the Proposed Development Management Fee Supplement as an interested person transaction. This Letter forms part of the Appendix which provides, *inter alia*, the details of the Proposed Development Management Fee Supplement and the recommendation of the Independent Directors thereon.

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2. TERMS OF REFERENCE

We have been appointed pursuant to Rule 921 (4)(a) of the Listing Manual as well as to advise the Trustee, the Independent Directors and the Audit Committee in respect of the Proposed Development Management Fee Supplement as an interested person transaction. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Listing Manual, as to whether the Proposed Development Management Fee Supplement is based on normal commercial terms and prejudicial to the interests of ALOG and its minority Unitholders.

We were neither a party to the negotiations entered into by ALOG and the Manager in relation to the Proposed Development Management Fee Supplement, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose to enter into the Proposed Development Management Fee Supplement. We do not, by this Letter, warrant the merits of the Proposed Development Management Fee Supplement other than to form an opinion on the Proposed Development Management Fee Supplement as an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Development Management Fee Supplement or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the ALOG, the Manager and the Trustee (if any) or that may otherwise be available to ALOG, the Manager and the Trustee, currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of ALOG and the Manager ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to ALOG, the Manager and/or the Trustee. We have also relied on information provided and representations made by the Directors, Management and ALOG's advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy and/or the reliability of the information.

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We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Appendix) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Appendix which relate to the Proposed Development Management Fee Supplement, ALOG, the Manager and the Trustee are fair and accurate and that there are no material facts or omissions of which would make any statement in the Appendix misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Development Management Fee Supplement and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of ALOG, the Manager and the Trustee. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of ALOG, the Manager and the Trustee in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the ALOG, the Manager and the Trustee (including without limitation, property, plant and equipment).

We will be relying on the disclosures and representations made by ALOG on the value of the assets, liabilities and profitability of the ALOG, the Manager and the Trustee. We have not relied on any financial projections or forecasts in respect of the ALOG, the Manager and the Trustee for the purpose of our evaluation of the Proposed Development Management Fee Supplement.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 16 March 2021. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should further take note of any announcements relevant to their consideration of the Proposed Development Management Fee Supplement which may be released by ALOG after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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ALOG has been separately advised by its own advisers in the preparation of the Appendix (other than this Letter set out in the Appendix). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Appendix (other than this Letter set out in the Appendix).

Whilst a copy of this Letter may be reproduced in the Appendix, neither ALOG, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Proposed Development Management Fee Supplement at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Proposed Development Management Fee Supplement is based on normal commercial terms and is not prejudicial to the interests of ALOG and its minority Unitholders, and should be considered in the context of the entirety of this Letter and the Appendix.

3. DETAILS OF THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

Information on the Proposed Development Management Fee Supplement is set out in Section 2 of the Appendix.

3.1 Development Management Fee

As mentioned in Paragraph 1 above, the Manager proposes to supplement the Trust Deed by introducing the Proposed Development Management Fee Supplement, payable to the Manager for the purpose of facilitating the undertaking of Development Projects on behalf of ALOG.

Development Projects

Development Projects are strictly defined as “a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations”.

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In undertaking any Development Project on behalf of ALOG, the Manager will comply with all applicable laws and regulations, including Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**Property Funds Appendix**"), in carrying out property development activities. The Property Funds Appendix stipulates that the total contract value of property development activities undertaken should not exceed 10.0% of the property fund's deposited property but such development limit can be increased to up to 25.0% of the property fund's deposited property subject to certain conditions.

These conditions as set out in paragraph 7.1(d) of the Property Funds Appendix are: (i) the additional allowance of up to 15.0% of the REIT's deposited property is utilised solely for the redevelopment of an existing property that has been held by the property fund for at least three years and which the REIT will continue to hold for at least three years after the completion of the redevelopment; and (ii) the REIT obtains the specific approval of participants' at a general meeting for the redevelopment of the property.

Development Management Fee

The Development Management Fee is to be an amount not exceeding **3.0%** of the Total Project Costs incurred in a Development Project undertaken and managed by the Manager on behalf of ALOG.

The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere.

Total Project Costs

Total Project Costs are strictly defined as *"The sum of the construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor, principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager, cost of obtaining all approvals for the project, site staff costs, interest costs on borrowings used to finance project cashflows that are capitalised to the development project in line with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard and any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the*

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project in accordance with generally accepted accounting principles in Singapore or the relevant jurisdiction's generally accepted accounting principles or financial reporting standard, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price, underlying value of such land or any applicable land premium)."

For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an acquisition fee on the land costs.

Approval Process

When the estimated Total Project Costs are greater than S\$100.0 million, the Trustee and the Independent Directors will first review and approve the quantum of the Development Management Fee payable to the Manager whereupon the Manager may be directed by the Independent Directors to reduce the Development Management Fee.

In cases where either the Manager or the Independent Directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors shall have the discretion to direct the Manager to accept a Development Management Fee to such amount which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of ALOG. For the avoidance of doubt, the Independent Directors will have the final say on the Development Management Fee.

In addition, any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee is not allowed without the approval of Unitholders via an extraordinary resolution at a general meeting to be convened.

Payment of the Proposed Development Management Fee

Subject to the Property Funds Appendix, the Development Management Fee shall be payable in the form of cash and/or Units (as the Manager may elect) and in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or paid by the Manager when the Total Project Costs is finalised. For the avoidance of doubt, the aggregate monthly instalments will not exceed 3.0% of the Total Project Costs.

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3.2 Responsibilities of the Manager as Development Manager

As development manager, the Manager will be responsible for providing development management services such as:

- (a) conducting feasibility studies and reviewing the overall business plan of the development project;
- (b) overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- (c) making site selection and negotiating with government authorities on land allocation and planning conditions;
- (d) appointing and working closely with service providers including but not limited to the project manager, architect, engineers and consultants to ensure that the consultants' duties are carried out in accordance with professional standards, and to carry out relevant value engineering to ensure a cost-efficient building;
- (e) providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- (f) reporting and making recommendations to the Trustee on a regular basis, in particular, on the cost and progress of the development project;
- (g) attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration; and

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- (h) where a prospective master lessee/operator/tenant is involved:
 - a. establishing the prospective master lessee/operator/tenant's real estate requirements;
 - b. liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
 - c. establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
 - d. finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

In addition, the Manager may at its sole discretion, and at its own expense, appoint one or more service providers to perform all or some of the development management services, provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fees as the fee payable to the service provider will be paid out of the Development Management Fee. The Development Manager will be responsible for the costs arising from the appointment of the service providers if the scope of works from such service providers are within the scope under the Development Manager.

4. EVALUATION OF THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

In our evaluation of the Proposed Development Management Fee Supplement, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Development Management Fee Supplement; and
- (b) Comparison of the Proposed Development Management Fee Supplement with development management fees payable by comparable REITs and trusts that are listed on the SGX-ST.

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4.1 Rationale for the Proposed Development Management Fee Supplement

The rationale for the Proposed Development Management Fee Supplement which has been set out in Section 2.3 of the Appendix is extracted and reproduced in italics below:

“2.3 Rationale for the Proposed Development Management Fee Supplement

Where opportunities arise, the Manager intends to complement its existing strategy of investing primarily in real estate which is mainly used for logistics purposes by enhancing the ability of ALOG to undertake development activities. For the avoidance of doubt, development activities are not a diversification of ALOG’s mandate as the Property Funds Appendix allows all real estate investment trusts to undertake development activities subject to certain limits and the Manager will comply with the requirements of the Property Funds Appendix in undertaking development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take up to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

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*In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in **paragraph 2.2** above) is significantly more than the services rendered for an acquisition.*

The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Unitholders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of ALOG's portfolio, as the case may be, and provide growing distributions to Unitholders. In the event that the Manager decides to undertake a development project, it will ensure that it has suitably qualified staff with the relevant background and expertise in relation to development activities.

The Manager is also of the view that the proposed fee payment arrangement is in line with practices by certain other real estate investment trusts that are listed in Singapore. Further, the Independent Financial Adviser has noted in paragraph 4.2 of the IFA Letter that based on the findings set out therein, the Development Management Fee of not exceeding 3.0% of the Project Costs is in line with the development management fees paid by comparable REITs or trusts and the Proposed Development Management Fee Supplement is in line with comparable market practices."

4.2 Comparison of the Proposed Development Management Fee Supplement with development management fees payable by comparable REITs and trusts that are listed on the SGX-ST

In assessing the Proposed Development Management Fee Supplement, we have considered the Proposed Development Management Fee Supplement *vis-à-vis* development management fees charged by selected REITs and trusts that are listed in on the SGX-ST and are, in our view, broadly comparable to ALOG, being an industrial, logistics asset based REIT or trust ("**Comparable REITs / Trusts**").

We wish to highlight that the Comparable REITs / Trusts are not exhaustive and we recognise that there may not be a REIT or trust listed on the SGX-ST or other stock exchanges which may be considered to be identical to ALOG in terms of, *inter alia*, market capitalisation, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market / industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Therefore, the comparison made with respect to the Comparable REITs / Trusts merely serves as an illustrative and is by no means exhaustive as at the Latest Practicable Date.

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Specifically, we have looked at the following parameters:

- (i) Market capitalisation, in Singapore Dollars, on the Latest Practicable Date;
- (ii) Total assets, in Singapore Dollars, based on the latest available reported financial results as at the Latest Practicable Date;
- (iii) Quantum of the development management fee rates;
- (iv) Definition of development project;
- (v) Definition of total project costs; and
- (vi) Review limits by the trustees and independent directors.

The below parameters have been extracted from the source documents, being the relevant IPO prospectus, circulars or annual reports of the relevant Comparable REITs / Trusts and no amendments have been made from the extracts, which have been reproduced in italics below.

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Comparable REITs / Trusts

| Name of REIT / Trust | Market capitalisation (S\$ million) | Total assets (S\$ million) | Development management fee rate |
|----------------------|-------------------------------------|----------------------------|--|
| AIMS APAC REIT | 932.8 | 1,824.4 | <p><i>"In relation to development and redevelopment (if not prohibited by the Property Funds Guidelines or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on a property:</i></p> <ul style="list-style-type: none"> <i>(i) where the construction costs are S\$2.0 million or less, a fee of 3.0% of the construction costs;</i> <i>(ii) where the construction costs exceed S\$2.0 million but do not exceed S\$20.0 million, a fee of 2.0% of the construction costs;</i> <i>(iii) where the construction costs exceed S\$20.0 million but do not exceed S\$50.0 million, a fee of 1.5% of the construction costs; and</i> <i>(iv) where the construction costs exceed S\$50.0 million, a fee to be mutually agreed by the parties."</i> |

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| | Definition of development project | Definition of total project costs | Review limits |
|--|--|---|----------------------|
| | n.a. | <i>"For the purpose of calculating the fees payable to the Property Manager, "construction costs" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and GST."</i> | n.a. |

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| Name of REIT / Trust | Market capitalisation (\$\$'million) | Total assets (\$\$'million) | Development management fee rate | |
|-----------------------------|---|------------------------------------|---|--|
| Ascendas REIT | 12,339.7 | 15,123.2 | <i>"Not exceeding 3.0% of the Total Project Costs incurred in the development Project undertaken on behalf of the trust payable to the manager"</i> | |

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| Definition of development project | Definition of total project costs | Review limits |
|--|--|--------------------------------|
| <p><i>"A Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations."</i></p> | <p><i>"Total Project Costs" means the sum of the following:</i></p> <ul style="list-style-type: none"> • <i>construction cost based on the project final account prepared by the project quantity surveyor;</i> • <i>land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;</i> • <i>Principal Consultants Fees includes payments to the project's architect, civil & structural engineer, mechanical & electrical engineer, quantity surveyor and project manager;</i> • <i>the cost of obtaining all approvals for the project;</i> • <i>site staff costs;</i> • <i>interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles ("GAAP"); and</i> • <i>any other costs which meet the definition of total project costs and can be capitalised to the project in accordance with GAAP."</i> | <p><i>S\$100.0 million</i></p> |

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| Name of REIT / Trust | Market capitalisation (\$\$'million) | Total assets (\$\$'million) | Development management fee rate | |
|-----------------------------|---|------------------------------------|--|--|
| EC World REIT | 572.1 | 1,815.7 | <i>"Equivalent to 3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the Manager on behalf of EC World REIT"</i> | |

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| Definition of development project | Definition of total project costs | Review limits |
|---|--|--------------------------------|
| <p><i>“Development Project”, in relation to EC World REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, either directly or indirectly, by one or more SPVs, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.”</i></p> | <p><i>“Total Project Costs” means the sum of the following (where applicable):</i></p> <ul style="list-style-type: none"> <i>(i) construction cost based on the project final account prepared by the project quantity surveyor;</i> <i>(ii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed;</i> <i>(iii) the cost of obtaining all approvals for the project;</i> <i>(iv) site staff costs;</i> <i>(v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and</i> <i>(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards.</i> <p><i>For the avoidance of doubt, the computation of Total Project Costs will not include land costs.”</i></p> | <p><i>S\$100.0 million</i></p> |

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| Name of REIT / Trust | Market capitalisation (\$\$'million) | Total assets (\$\$'million) | Development management fee rate | |
|-----------------------------|---|------------------------------------|--|--|
| ESR REIT | 1,377.6 | 3,187.4 | <i>“Equivalent to 3.0% of the Total Project Costs (as defined below in this paragraph 3.1) incurred in a Development Project undertaken by the ESR-REIT Manager on behalf of ESR-REIT”</i> | |

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| Definition of development project | Definition of total project costs | Review limits |
|--|---|-------------------------|
| <p><i>““Development Project” means a project involving the development or redevelopment of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;”</i></p> | <p><i>““Total Project Costs” means the sum of the following:</i></p> <ul style="list-style-type: none"> <i>(i) construction cost based on the project final account prepared by the project quantity surveyor;</i> <i>(ii) land costs, including acquisition price, differential premium or development charge where applicable. For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, land costs refer to all costs associated with land such as any payment of additional premium or amounts to governmental, statutory and regulatory authorities in connection with the redevelopment, but does not include the value of the land. For avoidance of doubt, there will be no land cost component for land which has been allocated at no cost to the Trust for built-to-suit developments;</i> <i>(iii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</i> <i>(iv) the cost of obtaining all approvals for the project;</i> <i>(v) site staff costs;</i> <i>(vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</i> <i>(vii) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the Development Project in accordance with generally accepted accounting practices in Singapore;”</i> | <p>S\$100.0 million</p> |

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| Name of REIT / Trust | Market capitalisation (\$\$'million) | Total assets (\$\$'million) | Development management fee rate |
|---------------------------------------|--------------------------------------|-----------------------------|--|
| Fraser's Logistics & Commercial Trust | 4,800.2 | 6,734.6 | <p><i>"The REIT Manager or its nominee is entitled to receive development management fees equivalent to 3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the REIT Manager on behalf of FLT. FLT will only undertake development activities within the limits of the Property Funds Appendix, which allows a REIT to commit no more than 10% of its deposited property to development and investment in uncompleted property developments.</i></p> <p><i>A REIT's development activities may exceed 10% of its deposited property (subject to a maximum of 25% of its deposited property) only if the additional 15% allowance is utilised solely for the redevelopment of an existing property that has been held by the REIT for at least three years and which it will continue to hold for at least three years after completion of the redevelopment and the REIT obtains the specific approval of its unitholders at a general meeting for the redevelopment of the property."</i></p> |

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| Definition of development project | Definition of total project costs | Review limits |
|---|---|--------------------------------|
| <p><i>““Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FLT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.”</i></p> | <p><i>““Total Project Costs” means the sum of the following:</i></p> <ul style="list-style-type: none"> <i>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</i> <i>• principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</i> <i>• the cost of obtaining all approvals for the project;</i> <i>• site staff costs;</i> <i>• interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices; and</i> <i>• any other costs including contingency expenses which can be capitalised to the project in accordance with generally accepted accounting practices.</i> <p><i>For the avoidance of doubt, land costs (including but not limited to the acquisition price or underlying value of such land) will not be included in the computation of Total Project Costs.”</i></p> | <p><i>S\$200.0 million</i></p> |

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| Name of REIT / Trust | Market capitalisation (\$ million) | Total assets (\$ million) | Development management fee rate | |
|----------------------------|------------------------------------|---------------------------|---|--|
| Mapletree Industrial Trust | 6,301.1 | 6,167.9 | <p><i>“The Manager is entitled to receive development management fees equivalent to 3.0% of the total project costs incurred in a Development Project (as defined herein) undertaken by the Manager on the behalf of MIT. MIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).”</i></p> | |

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| Definition of development project | Definition of total project costs | Review limits |
|---|--|----------------------|
| <i>“Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by MIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.”</i> | n.a. | S\$100.0 million |

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| Name of REIT / Trust | Market capitalisation (\$ million) | Total assets (\$ million) | Development management fee rate | |
|-----------------------------|---|----------------------------------|--|--|
| Mapletree Logistics Trust | 8,052.4 | 10,547.5 | <i>"The development management fee that the Manager proposes to charge in all cases, equivalent to 3% of the total project costs incurred in development projects undertaken by MapletreeLog."</i> | |

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| Definition of development project | Definition of total project costs | Review limits |
|--|---|--------------------------------|
| <p><i>““Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;”</i></p> | <p><i>““Total Project Costs” means the sum of the following:</i></p> <ul style="list-style-type: none"> <i>• construction cost based on the project final account prepared by the project quantity surveyor;</i> <i>• land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;</i> <i>• principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</i> <i>• the cost of obtaining all approvals for the project;</i> <i>• site staff costs;</i> <i>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with GAAP; and</i> <i>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with GAAP;”</i> | <p><i>S\$100.0 million</i></p> |

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| Name of REIT / Trust | Market capitalisation (\$ million) | Total assets (\$ million) | Development management fee rate | |
|-------------------------------|---|----------------------------------|---|--|
| Soilbuild Business Space REIT | 682.7 | 1,345.4 | <p><i>"The Manager is entitled to receive a development management fee equivalent to 3.0% of the total project costs¹ incurred in Development Projects undertaken and managed by the Manager on behalf of Soilbuild REIT.</i></p> <p><i>Soilbuild REIT will only undertake development activities within the limits of the Property Funds Appendix²."</i></p> | |

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| Definition of development project | Definition of total project costs | Review limits |
|--|--|--------------------------------|
| <p><i>“Development Project” means a project involving the development or redevelopment of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Soilbuild REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations, save for works that result in additional GFA.”</i></p> | <p><i>“Total project costs” is defined in the Trust Deed to mean the sum of the following:</i></p> <ul style="list-style-type: none"> <i>(i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</i> <i>(ii) land costs (including purchase price and differentiated premium or development charge where applicable). For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, “land cost” refers to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the redevelopment, but does not include the value of the land;</i> <i>(iii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, M&E engineer, quantity surveyor and project manager;</i> <i>(iv) the cost of obtaining all approvals for the project;</i> <i>(v) site staff costs;</i> <i>(vi) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and</i> <i>(vii) any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting practices in Singapore.”</i> | <p><i>S\$100.0 million</i></p> |

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| Name of REIT / Trust | Market capitalisation (\$\$'million) | Total assets (\$\$'million) | Development management fee rate |
|--|--------------------------------------|-----------------------------|---|
| <i>Included ALOG's Proposed Development Management Fee below for reference only.</i> | | | |
| ARA LOGOS Logistics Trust | 907.4 | 1,412.5 | <i>"The Development Management Fee shall be an amount not exceeding to 3.0% of the Total Project Costs (as defined below in this paragraph 2.1) incurred in a Development Project undertaken by the Manager on behalf of ALOG."</i> |

Sources:

Bloomberg L.P., initial public offering prospectus, circulars, annual reports, latest available reported financial results and/or announcements of the Comparable REITs / Trusts

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| Definition of development project | Definition of total project costs | Review limits |
|---|---|------------------------|
| <p><i>“Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by ALOG, provided always that the Property Funds Appendix (as defined herein) shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.”</i></p> | <p><i>“Total Project Costs” means the sum of the construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor, principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager, cost of obtaining all approvals for the project, site staff costs, interest costs on borrowings used to finance project cashflows that are capitalised to the development project in line with generally accepted accounting principles in Singapore and any other costs including contingency expenses which meet the definition of total project costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore, but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price, underlying value of such land or any applicable land premium).”</i></p> | <p>\$100.0 million</p> |

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Based on the above, we observe that:

- (i) Quantum of the development management fee rates;

In relation to the quantum of the development management fee rates, the Proposed Development Management Fee of not exceeding to 3.0% of total project costs is in line with the development management fees paid by the Comparable REITs / Trusts.

- (ii) Definition of development project;

In relation to the definition of development project, the definition used by ALOG in the Proposed Development Management Fee Supplement is similar to all the Comparable REIT / Trusts.

- (iii) Definition of total project costs; and

In relation to the definition of total project costs, all the Comparable REITs / Trusts use total project costs as a basis for calculating development management fees. The definition of total project costs is similar for all the Comparable REITs / Trusts other than land costs.

We wish to highlight that land costs are not included in the definition of total project costs for ALOG, which is the similar treatment taken by EC World REIT and Frasers Logistics & Commercial Trust. This differs from Ascendas REIT, ESR REIT, Mapletree Logistics Trust and Soilbuild Business Space REIT which includes land costs in their definition of total project costs. The definition adopted by ALOG is of a more conservative definition.

- (iv) Review limits by the trustees and independent directors.

In relation to the review limits by the trustees and independent directors, the limit of S\$100.0 million is towards the lower end of the range of the review limits set by the Comparable REITs / Trusts. We further note that for ALOG, in cases where the Manager and/or the Independent Directors is/are of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors has the discretion to direct the Manager to accept a lower Development Management Fee which is less than 3.0%.

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Based on the above findings, we note that the Proposed Development Management Fee Supplement, including the scope of responsibilities as Development Manager, is in line with comparable market practices. Further, we note that the Manager is also of the view that the Proposed Development Management Fee is in line with practices by certain other real estate investment trusts that are listed in Singapore.

5. OUR OPINION

In arriving at our recommendation in respect of the Proposed Development Management Fee Supplement, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

In our evaluation of the Proposed Development Management Fee Supplement, we have given due consideration to, *inter alia*, the following key factors:

- (a) Rationale for the Proposed Development Management Fee Supplement; and
- (b) Comparison of the Proposed Development Management Fee Supplement with development management fees payable by comparable REITs and trusts that are listed on the SGX-ST.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Development Management Fee Supplement is based on normal commercial terms and is not prejudicial to the interests of ALOG and its minority Unitholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Trustee, the Manager and ALOG in relation to the Proposed Development Management Fee Supplement, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Development Management Fee Supplement, and we do not warrant the merits of the Proposed Development Management Fee Supplement.

ANNEX B

We have prepared this Letter pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use of the Trustee, the Independent Directors and the Audit Committee in connection with and for the purposes of their consideration of the Proposed Development Management Fee Supplement. The recommendation made by them to the Unitholders in relation to the Proposed Development Management Fee Supplement shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Appendix, neither the Trustee, the Manager, ALOG, the Directors nor the Unitholders may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Proposed Development Management Fee Supplement at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun
Chief Executive Officer

Lay Shi Wei
Senior Manager

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