



*Note: This is a printed copy of the letter to unitholders of ESR-REIT (“**ESR-REIT Unitholders**”) published on ESR-REIT’s website at <https://esr-reit.listedcompany.com/meetings.html> and on the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>, on 25 February 2022. This printed copy has been sent to ESR-REIT Unitholders solely for their information and convenience.*

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Circular (as defined below).

25 February 2022

Dear Valued ESR-REIT Unitholders,

EXTRAORDINARY GENERAL MEETING IN RELATION TO THE PROPOSED MERGER

Due to the outbreak of COVID-19 in Singapore, the Parliament has passed the COVID-19 (Temporary Measures) Act 2020 on 7 April 2020 (as amended) to put in place elevated safe distancing measures to curb the increasing spread of the disease. In view of such measures, we will be conducting the Extraordinary General Meeting (the “**EGM**”) only by way of electronic means (“**Virtual Meeting**”) in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 gazetted on 13 April 2020 (as amended) (the “**Order**”) which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies.

Electronic Despatch of the Circular to ESR-REIT Unitholders

In line with the provisions of the Order, unless otherwise requested, no printed copies of the Circular to Unitholders dated 25 February 2022 in relation to the proposed merger (the “**Merger**”) of ESR-REIT and ARA LOGOS Logistics Trust and the proposed issue of new ESR-REIT units as part of the consideration for the Merger (the “**Circular**”) will be despatched to ESR-REIT Unitholders.


For ESR-REIT Unitholders’ convenience, printed copies of the Notice of EGM and the Proxy Form have been despatched to ESR-REIT Unitholders. The Circular, Notice of EGM and the Proxy Form are also available on ESR-REIT’s website at <https://esr-reit.listedcompany.com/meetings.html>. You may scan the QR code on the right for direct access to our website. The Circular, Notice of EGM and the Proxy Form are also available on the SGX-ST’s website at <https://www.sgx.com/securities/company-announcements>.



Request for Printed Copies of the Circular

ESR-REIT Unitholders may request for printed copies of the Circular by completing and returning the request form accompanying the Notice of EGM and the Proxy Form to the ESR-REIT Manager by 7 March 2022 (Monday).

Conduct of EGM

- (a) **Live Audio-visual Webcast/Live Audio-only Stream:** The EGM will be conducted only by way of electronic means and **ESR-REIT Unitholders will not be able to physically attend the EGM**. The proceedings of the EGM will be broadcast through a live webcast comprising both video (audio-visual) and audio-only feeds. Please pre-register for the live audio-visual webcast/live audio-only stream if you wish to attend the EGM.
- (b) **Online Pre-registration:** All ESR-REIT Unitholders as well as investors who hold units of ESR-REIT ("**ESR-REIT Units**") through the Central Provident Fund ("**CPF**") or the Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") who wish to follow the proceedings of the EGM through the live audio-visual webcast/live audio-only stream **must pre-register online at <https://smartagm.sg/esrreitegm21March2022>** (the "**Pre-registration Page**") **which is also accessible by scanning the QR code by 18 March 2022 (Friday), 10.00 a.m.** (being 72 hours before the time appointed for the holding of the EGM) for verification purposes. Persons who hold ESR-REIT Units through a Relevant Intermediary (as defined in the trust deed constituting ESR-REIT (as amended)) ("**Relevant Intermediary Unitholders**") who wish to follow the proceedings of the EGM should request their Relevant Intermediary to make arrangements to pre-register on their behalf. The Relevant Intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com no later than **10.00 a.m. on 18 March 2022 (Friday)**. Following successful verification, a confirmation email which contains unique user credentials and instructions on how to access the live audio-visual webcast/live audio-only stream of the EGM proceedings and submit questions during the EGM will be sent to you before the EGM (the "**Confirmation Email**"). ESR-REIT Unitholders and CPF/SRS investors **who do not receive the Confirmation Email by 12.00 p.m. on 20 March 2022 (Sunday)**, but have pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings by the deadline of 10.00 a.m. on 18 March 2022 (Friday) **should contact the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.**
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- (c) **Submission of Questions:** All ESR-REIT Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders will be able to ask questions by posing questions "live" at the Virtual Meeting during the live audio-visual webcast. All ESR-REIT Unitholders, CPF/SRS investors and Relevant Intermediary Unitholders can and are strongly encouraged to submit questions relating to the business of the EGM up till **13 March 2022 (Sunday)**. The ESR-REIT Manager will publish its responses to substantial and relevant questions received on or before 13 March 2022 (Sunday), on SGXNET by 15 March 2022 (Tuesday). The ESR-REIT Manager may also publish further responses after 15 March 2022 (Tuesday) to substantial and relevant questions received after 13 March 2022 (Sunday).
- (i) ESR-REIT Unitholders and CPF/SRS investors may submit their questions on the Pre-registration Page or via electronic mail to ir@esr-reit.com.sg or by post addressed to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

- (ii) Relevant Intermediary Unitholders may submit questions through their Relevant Intermediary, who in turn should submit a consolidated list of questions to the Unit Registrar of ESR-REIT, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com. When sending in your questions, for our verification purposes, please also provide us/the Relevant Intermediary with your full name, address, contact telephone number and email and the manner in which you hold ESR-REIT Units (if you hold ESR-REIT Units directly, please provide your CDP account number; otherwise, please state if you hold your ESR-REIT Units through CPF or SRS, or are a Relevant Intermediary Unitholder).

Questions should be submitted on the Pre-registration Page or should reach the email address or address specified above on or before 13 March 2022 (Sunday). In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for ESR-REIT Unitholders to submit questions by post, ESR-REIT Unitholders are strongly encouraged to submit questions electronically by the Pre-registration Page or email. The ESR-REIT Manager will publish the responses to substantial and relevant questions received on or before 13 March 2022 (Sunday) on ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> and on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements> by 15 March 2022 (Tuesday). The ESR-REIT Manager may also publish further responses after 15 March 2022 (Tuesday) to substantial and relevant questions received after 13 March 2022 (Sunday).

For ESR-REIT Unitholders' reference, we have also enclosed as the **Schedule** to this Letter the ESR-REIT Manager's responses to certain frequently asked questions by ESR-REIT Unitholders in relation to the Merger, as announced by the ESR-REIT Manager on 9 February 2022 (the **"FAQ Announcement"**). Copies of the FAQ Announcement are also available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>⁽¹⁾.

Note:

- (1) Copies of the ESR-REIT Manager's previous responses to certain frequently asked questions by ESR-REIT Unitholders in relation to the Merger, as announced by the ESR-REIT Manager on previous announcements dated 15 October 2021, 25 October 2021 and 17 January 2022, are also available on the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.

- (d) **Voting Solely via Appointing Chairman as Proxy (Submit a Proxy Form):** ESR-REIT Unitholders will only be able to vote at the EGM by appointing the Chairman of the EGM as proxy to vote on their behalf. ESR-REIT Unitholders can submit the Proxy Form in the following manner:
- (i) **For ESR-REIT Unitholders who are individuals⁽¹⁾ and who hold ESR-REIT Units directly with CDP only** – via electronic submission of the e-Proxy Form at the Pre-registration Page at <https://smartagm.sg/esrreitegm21March2022>, or
 - (ii) **For all ESR-REIT Unitholders who hold ESR-REIT Units directly with CDP** – by depositing the duly completed Proxy Form with ESR-REIT
 - (A) via electronic mail to SRS.TeamE@boardroomlimited.com (e.g. enclosing a clear scanned completed and signed Proxy Form in PDF), or
 - (B) via post to the office of the Unit Registrar of ESR-REIT at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

Note:

- (1) Proxy Forms executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post.

The Proxy Forms must be received by ESR-REIT by **18 March 2022 (Friday), 10.00 a.m.** (being 72 hours before the time appointed for the holding of the EGM). Proxy Forms can be downloaded from ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> or the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>. In the Proxy Form, an ESR-REIT Unitholder should specifically direct the proxy on how he/she is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the EGM. All valid votes cast via proxy on each resolution will be counted. If no specific direction as to voting is given, the Chairman of the EGM will vote or abstain from voting at his/her discretion.

In view of the current COVID-19 situation and the related safe distancing measures which may affect postage timings and make it difficult for ESR-REIT Unitholders to submit Proxy Forms by post, ESR-REIT Unitholders are strongly encouraged to vote by e-Proxy Form or to submit completed Proxy Forms electronically by email.

- (e) **Voting by Relevant Intermediary Unitholders and CPF/SRS investors:** Relevant Intermediary Unitholders (including CPF/SRS investors) that wish to vote should **not** make use of the Proxy Form and should instead approach their respective Relevant Intermediary as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks/SRS Operators by **14 March 2022 (Monday)** to ensure that their votes are submitted.
- (f) **Key dates/deadlines:** The table below sets out the key dates/deadlines which ESR-REIT Unitholders and CPF/SRS investors should take note:

Key Dates/Deadlines	Actions
25 February 2022 (Friday)	Pre-registration begins for live audio-visual webcast/live audio-only stream of the EGM proceedings.
10 March 2022 (Thursday), 7.00 p.m.	ESR-REIT SIAS Virtual Information session. Note: A recording of the SIAS Virtual Information Session will be uploaded on SGXNet and the website of ESR-REIT by 13 March 2022.
13 March 2022 (Sunday)	Deadline for ESR-REIT Unitholders to submit questions relating to the business of the EGM
14 March 2022 (Monday)	Deadline for CPF/SRS investors to approach their respective CPF Agent Banks/SRS Operators to submit their votes.
15 March 2022 (Tuesday)	Date on which ESR-REIT Manager will publish responses to questions received on or before 13 March 2022 (Sunday). Note: The ESR-REIT Manager may publish further responses after 15 March 2022 (Tuesday) to substantial and relevant questions received after 13 March 2022 (Sunday).
18 March 2022 (Friday), 10.00 a.m.	Deadline for all ESR-REIT Unitholders and CPF/SRS investors to pre-register for the live audio-visual webcast/live audio-only stream of the EGM proceedings. Deadline for all ESR-REIT Unitholders to submit Proxy Forms: (i) For ESR-REIT Unitholders who are individuals⁽¹⁾ and who hold ESR-REIT Units directly with CDP only – via electronic submission of the e-Proxy Form at the Pre-registration Page at https://smartagm.sg/esrreitegm21March2022 , or

	<p>(ii) For all ESR-REIT Unitholders who hold ESR-REIT Units directly with CDP – by depositing the duly completed Proxy Form with ESR-REIT</p> <p>(A) via electronic mail to SRS.TeamE@boardroomlimited.com, or</p> <p>(B) via post to Unit Registrar's office</p> <p>Note: (1) Proxy Forms executed under a power of attorney on behalf of an individual or by executors on behalf of a deceased individual's estate may only be submitted by email or post.</p>
20 March 2022 (Sunday), 12.00 p.m.	<p>Authenticated ESR-REIT Unitholders and CPF/SRS investors who pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings will receive the Confirmation Email.</p> <p>ESR-REIT Unitholders and CPF/SRS investors who do not receive the Confirmation Email by 12.00 p.m. on 20 March 2022 (Sunday), but have pre-registered for the live audio-visual webcast/live audio-only stream of the EGM proceedings by the deadline of 10.00 a.m. on 18 March 2022 (Friday) should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 (during office hours) or at SRS.TeamE@boardroomlimited.com immediately.</p>
21 March 2022 (Monday), 10.00 a.m.	<p>Click on the link in the Confirmation Email and follow instructions to access the live audio-visual webcast of the EGM proceedings;</p> <p>or</p> <p>Call the telephone number and follow the instructions in the Confirmation Email to access the live-audio only stream of the EGM proceedings.</p>

In view of the rapidly evolving COVID-19 situation, ESR-REIT Unitholders should note that the manner of conduct of the EGM may be subject to further changes at short notice. We advise ESR-REIT Unitholders to check ESR-REIT's website at <https://esr-reit.listedcompany.com/meetings.html> and SGXNET regularly for updates. Alternatively, ESR-REIT Unitholders may sign up for our email alerts here (https://esr-reit.listedcompany.com/email_alerts.html) to receive the latest updates.

We would like to thank all ESR-REIT Unitholders for their patience and understanding while we hold the EGM amidst the current COVID-19 pandemic.

Thank you.

Yours sincerely,

Mr. Adrian Chui
Chief Executive Officer and Executive Director
ESR Funds Management (S) Limited
(as Manager of ESR-REIT)



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

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

Any queries relating to this Letter, the Merger or the Scheme should be directed to:

Citigroup Global Markets Singapore Pte. Ltd.

Investment Banking

Tel: +65 6657 1959

Maybank Securities Pte. Ltd.

(formerly known as Maybank Kim Eng Securities Pte. Ltd.)

Investment Banking and Advisory

Tel: +65 6231 5179

Operating hours: Monday to Friday 8.30 a.m. to 5.30 p.m. (Except Public Holidays)

SCHEDULE

FAQ ANNOUNCEMENT

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

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

FREQUENTLY ASKED QUESTIONS

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

Unless otherwise defined herein, all capitalised terms have the meaning ascribed to them in the announcements titled "Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a Trust Scheme of Arrangement" dated 15 October 2021 and "Proposed Merger of ESR-REIT and ARA LOGOS Logistics Trust by way of a Trust Scheme of Arrangement – Revision of Scheme Consideration" dated 22 January 2022.

BY ORDER OF THE BOARD

ESR Funds Management (S) Limited

As Manager of ESR-REIT

(Company Registration No. 200512804G, Capital Markets Services Licence No. 100132)

Adrian Chui

Chief Executive Officer and Executive Director

9 February 2022

For further enquiries, please contact:

ESR Funds Management (S) Limited

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Corporate Communications Manager

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Responsibility Statement

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

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including the ARA Acquisition Announcement) or obtained from a named source (including ALOG and/or the ALOG Manager), the sole responsibility of the directors of the Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The



directors of the Manager do not accept any responsibility for any information relating to ALOG and/or the ALOG Manager or any opinion expressed by ALOG and/or the ALOG Manager.

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy or property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in amounts and on terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events, and the Manager does not undertake any obligation to update publicly or revise any forward-looking statements.

Appendix

Question 1:

What is the rationale for the revised Scheme Consideration?

(a) Growth of ESR-REIT and ALOG likely to be negatively impacted if conflicts of interest arising between ESR-REIT and ALOG from a common sponsor are not resolved

- Following completion of the Proposed ARA Acquisition on 20 January 2022, the ESR Group is now an indirect majority controlling shareholder of the LOGOS Group.
- Both ESR-REIT and ALOG share a common sponsor, and have overlapping mandates in relation to asset pipeline, tenant and operational network, and financial resources.
- Conflicts of interest will inevitably arise which may negatively impact both REITs' growth potential as ESR-REIT and ALOG will have to compete for new assets and financial resources from the ESR Group. Such conflicts of interest will also result in uncertainties arising from the type and amount of asset pipeline tenant and operational network and financial resources and to be provided by the Sponsor (collectively, the "**Sponsor Resources**").
- As such, the growth potential of both ESR-REIT and ALOG is likely to be negatively impacted if the conflicts of interest are not resolved and each REIT remains as a standalone sub-scale REIT with higher cost of capital and lower trading liquidity.
- The Merger will address the issue of overlapping mandates and potential conflicts, safeguard the interests of ESR-REIT Unitholders and ALOG Unitholders and allow better economies of scale.
- The enlarged ESR-REIT, to be renamed ESR-LOGOS REIT, will enjoy access to the Sponsor's New Economy pipeline of more than US\$59 billion¹, development work-in-progress of over US\$10 billion and a development pipeline of over 9 million square metres across 10 countries², in addition to the committed financial and operational support from the Sponsor.
- If the Merger is not successful, the ESR Group could resolve the conflicts of interest by (i) selling the manager of either ESR-REIT or ALOG to a third party, and in such an instance, the manager, and by reference the REIT, that is sold will not be able to leverage the ESR Group's asset pipelines, tenant and operational network and financial resources, or (ii) the divestment of either REIT's portfolio of assets, some of which are under non-sale moratoriums imposed by JTC Corporation. It is the Manager's opinion that either of such options is not in the interests of either REIT's unitholders as it would curtail such REIT's growth prospects which may result in either REIT losing its current premium to net asset value ("**NAV**") pricing.
- In addition, a sale of the Manager which results in the Manager ceasing to be a subsidiary (whether directly or indirectly) of the Sponsor, will trigger the change in control provisions in ESR-REIT's existing debt facilities of an aggregate outstanding principal amount of approximately S\$1.29 billion. Any potential buyer of the Manager is likely required to obtain debt financing to replace such existing debt facilities, and there is no guarantee that the new financing terms will be more favourable than ESR-REIT's current financing terms. Such change in control provisions are common in S-REIT debt facilities given the sponsor's support and credit profile are key to the performance of a REIT.

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

2 2021-2023 pipeline as of the financial quarter ended 31 March 2021.

(b) Proxy Advisers recommended that ALOG Unitholders vote against the Scheme based on the original Scheme terms

- Proxy advisers, Glass, Lewis & Co and Institutional Shareholder Services, issued reports recommending that ALOG Unitholders vote against the Scheme based on the original Scheme terms.
- Taking into account the views of the proxy advisers that the original terms of the Scheme were not compelling for ALOG Unitholders and most of the benefits of the Merger will accrue to ESR-REIT Unitholders, ESR-REIT decided to revise the Scheme Consideration to seek a balance for both ALOG Unitholders and ESR-REIT Unitholders.

(c) Compression of cap rates for Australia industrial / logistics properties due to strong underlying fundamentals

- ALOG's Australian portfolio continues to be an attractive acquisition.
- Australia industrial / logistics sector is supported by strong underlying fundamentals.
- Elevated take up rates, low vacancy and strong rental growth in 4Q2021, which is expected to continue over the next 12 months. Online retail sales have grown strongly given lockdowns, with online retail now representing 14.3% of total retail sales, and will continue to support industrial leasing activity.
- There is potential capital appreciation of Australia industrial / logistics properties through the compression of cap rates due to favourable fundamentals coupled with strong investor demand and a relatively low interest rate environment.

Question 2:

The revised Scheme Consideration reflects only a 2.1% increase in the Scheme Consideration. Do you think the revised Scheme Consideration is attractive to ALOG Unitholders?

- It is incorrect to state that the revised Scheme Consideration only represents a 2.1% increase from the original Scheme Consideration.
- The Scheme Consideration shall be satisfied by 10% Cash Consideration and 90% Consideration Units in the form of new ESR-REIT Units to ALOG Unitholders.
- Key highlights of the revised Scheme Consideration for ALOG Unitholders are outlined below:
 - Cash Consideration has been **raised by 2.1%** from S\$0.095 per ALOG Unit to S\$0.097 per ALOG Unit
 - The number of Consideration Units to be allotted and issued to each ALOG Unitholder has **increased by 5.8%** from 1.6765 new ESR-REIT Units to 1.7729 new ESR-REIT Units.
 - The gross exchange ratio (derived from the Scheme Consideration divided by the issue price of each Consideration Unit) has **increased by 5.8%** from 1.863x to 1.970x.
 - The illustrative value of the revised Scheme Consideration of S\$0.933 ("**Illustrative Value per Unit**")³ is **5.3% higher than the original Scheme Consideration** when compared on a like-for-like basis using ESR-REIT's one (1)-month volume weighted average price ("**VWAP**") of S\$0.4716 per ESR-REIT Unit as at 14 October 2021, being the last full trading day immediately prior to the Joint Announcement Date ("**Last Trading Date**").
 - The Illustrative Value per Unit also represents a premium of **0.5 – 31.2%** when compared to ALOG's one (1)-month, three (3)-month, six (6)-month, 12-month and 24-month VWAPs as at the Last Trading Date. This also represents a **c.40% premium** to ALOG's NAV⁴ which is the highest premium paid for any precedent S-REIT mergers/privatisations.

³ Based on net exchange ratio of 1.7729x and ESR-REIT's 1-month VWAP of S\$0.4716 per Unit as at the Last Trading Date, plus cash consideration of S\$0.097 per ALOG unit.

⁴ Based on ALOG's pro forma NAV per unit of S\$0.6921 per unit

- Historical FY2020 pro forma DPU accretion for ALOG Unitholders increases significantly from **8.2% to 12.8%** and historical pro forma FY2020 NAV per unit accretion for ALOG Unitholders increases from **2.2% to 5.3%**.
- The **DPU accretion of 12.8%** is also the highest⁵ amongst the five completed S-REIT mergers since 2018. We also wish to highlight that the pro forma DPU accretion excludes any operational and trust level savings or potential synergies from the Merger.
- It is also important to highlight that the proposed transaction is intended as a merger of two best-in-class platforms and not a sell-out of ALOG and/or its underlying assets.
- Growth of ESR-REIT and ALOG is likely to be negatively impacted if the potential conflicts of interest between ESR-REIT and ALOG arising from a common sponsor are not resolved.

Question 3:

Is ESR-REIT overpaying for ALOG at the revised Scheme Consideration of S\$0.970 per ALOG Unit?

- Given the feedback received from Glass, Lewis & Co, Institutional Shareholder Services and some ALOG Unitholders, we wanted to put forth a scheme consideration and gross exchange ratio that balances the benefits of the Merger for both ALOG Unitholders and ESR-REIT Unitholders.
- The exchange ratio implied by the original Scheme Consideration was computed using the issue price of S\$0.510 per ESR-REIT Unit and the original Scheme Consideration of S\$0.950 per ALOG Unit, which took into consideration the respective REITs' 52-week high and the trading volumes on those days. As the revised Scheme Consideration of S\$0.970 per ALOG Unit is higher than the 52-week high, for the purpose of deriving the revised issue price of the Consideration Units, the Manager has considered the following for ESR-REIT: (a) the ESR-REIT Unit price performance over the last six (6) months up to 14 October 2021; and (b) brokers' / investment research houses' average target price consensus.
- Over the last six (6) months up to 14 October 2021, the revised issue price of S\$0.4924:
 - remains within the trading range of S\$0.379 – S\$0.510; and
 - represents a premium of 5.6%, 4.5%, 5.0%, 10.1% to the one (1)-day, one (1)-month, three (3)-month and six (6)-month VWAP respectively.
- The revised issue price of S\$0.4924 is also in line with brokers' / investment research houses' average target price consensus as of 14 October 2021.
- The implied gross exchange ratio of 1.970x represents a premia / (discount) of (1.1)%, 0.1%, 1.1%, and 0.5% over the implied exchange ratio between the ESR-REIT Units and the ALOG Units of 1.992x, 1.969x, 1.948x, and 1.960x as at 14 October 2021, and for the one (1)-month, three (3)-month and six (6)-month periods up to and including 14 October 2021 respectively.

⁵ For comparison, the historical pro forma DPU accretions for the following successfully completed S-REIT mergers are: (a) CCT-CMT merger (7.6%); (b) FCOT-FLT merger (2.5%); (c) A-HTRUST-ART merger (1.8%); (d) OUE H-TRUST-OUE C-REIT merger (1.4%); and (e) ESR-REIT-VIT merger (3.6%).

Historical Exchange Ratio Reference period	VWAP (S\$)		Implied exchange ratio	Implied premium / (discount) to Exchange Ratio (%) ⁶
	ESR-REIT	ALOG		
<i>For periods up to and including 14 October 2021⁷</i>				
14 October 2021	0.466	0.929	1.992x	(1.1)
1 month	0.471	0.928	1.969x	0.1
3 months	0.469	0.914	1.948x	1.1
6 months	0.447	0.876	1.960x	0.5

Source: FactSet.

- Overall, the revised Scheme Consideration offers ESR-REIT Unitholders one of the highest DPU accretion amongst completed S-REIT mergers.
- In addition, at the issue price of S\$0.4924 per ESR-REIT Unit, the implied P/NAV of the new ESR-REIT Unit is 1.22x⁸, translating to a 14.7% premium based on ALOG's P/NAV of 1.40x. However, we believe the premium paid is fair as the Merger allows us to:
 - Address the underlying short land lease issue that is inherent with Singapore industrial land with exposure to ALOG's freehold and longer land tenure logistics properties;
 - Benefit from the strong performing Australia logistics sector with 50% of ALOG's portfolio by net lettable area consisting of Australian properties;
 - Increase the exposure to New Economy assets from 47.0%⁹ to 65.7%⁹, with exposure to the logistics segment increasing from 15.6%⁹ to 45.3%⁹;
 - Diversify geographically and hence lower overall portfolio risks.

Question 4

The original Scheme Consideration was 5.8% DPU accretive and NAV dilutive to us. Now that you have revised the Scheme Consideration, the Merger is even less attractive now with a lower DPU accretion and a higher NAV dilution. Why should I support the Merger?

- The Merger benefits both sets of unitholders as this not only addresses the potential conflicts of interest with a common sponsor, it will also position the enlarged ESR-LOGOS REIT, as the Leading New Economy APAC REIT that is backed by a committed Sponsor with strong Sponsor Resources.
- The revised Scheme Consideration seeks to balance the benefits of the Merger for both ESR-REIT Unitholders and ALOG Unitholders and the Merger can only happen if both sets of unitholders approve the resolutions put forth at their respective EGMs and/or Scheme Meeting (as the case may be).
- Importantly, the strategic merits of the Merger still remain intact. With the revised Scheme Consideration, the Merger continues to be financially attractive for ESR-REIT Unitholders with a DPU accretion of 4.7% on a FY2020 pro forma basis
- While the pro forma NAV of the Merger is dilutive by approximately 8.5% on a FY2020 basis, we believe that the DPU accretion plus the access to ALOG's freehold and longer land tenure logistics portfolio which is benefitting from the strong performing Australia logistics sector will be beneficial for ESR-REIT Unitholders to balance the land lease decay of the leasehold nature of ESR-REIT's portfolio.
- As a result, ESR-REIT Unitholders should evaluate the transaction objectively and in its entirety based on the longer-term commercial merits that can be achieved from this Merger.

⁶ Refers to the premium of the exchange ratio to the implied exchange ratio based on the respective volume weighted average prices for each period.

⁷ Periods analysed are as follows – (a) Closing price as at 14 October 2021; (b) the period of one (1) month from 15 September 2021 up to 14 October 2021 (both dates inclusive); (c) the period of three (3) months from 15 July 2021 up to 14 October 2021 (both dates inclusive); and (d) the period of six (6) months from 15 April 2021 up to 14 October 2021 (both dates inclusive).

⁸ Based on ESR REIT's pro forma NAV of S\$0.4026 per unit.

⁹ Based on GRI for the month of June 2021. Excludes contribution from fund properties.

Question 5:

ESR-REIT Unit price in recent months has been relatively stable at around S\$0.475 per ESR-REIT Unit while ALOG has been trading below the Scheme Consideration of S\$0.950 per ALOG Unit. Why didn't the Manager's board and management team use the recent prices to derive the revised gross exchange ratio?

- The current trading prices of both REITs is only one of the considerations. More importantly, the revised Scheme Consideration takes into consideration the recommendations of the proxy advisers, the downside risks to both ESR-REIT Unitholders and ALOG Unitholders arising from the potential conflicts of interest from a common Sponsor and the need to balance the benefits of the Merger to both sets of unitholders.

Question 6:

If the Merger fails, what are the potential implications for both ESR-REIT Unitholders and ALOG Unitholders?

- The growth of ESR-REIT and ALOG is likely to be negatively impacted if both ESR-REIT's and ALOG's conflicts of interest arising from a common sponsor are not resolved.
- In the absence of the Merger, there are overlapping mandates between ESR-REIT and ALOG in relation to the Sponsor Resources. In addition, both ESR-REIT and ALOG will continue to compete with each other in bidding for new assets/developments outside of the ESR Group's pipeline.
- If ESR-REIT and ALOG were to continue to operate independently, the ESR Group would also have to split its resources to support the two REITs which further limit either REIT's potential for asset growth as well as support in raising funds for future growth.
- In addition, to resolve the potential conflicts of interest, the ESR Group may sell one of the REIT managers to a third party. Should the Sponsor sell the manager of either ESR-REIT or ALOG to a third party, the Sponsor Resources are not likely to be available to the manager and, by extension, the REIT. This may result in either REIT potentially losing its "halo" effect and its current premium to net asset value if the ESR Group divests its manager as the Sponsor Resources will no longer be available to such REIT. This could potentially result in the unit price of the REIT (post sale of the manager) trading close to or at net asset value. For reference, developer sponsored industrial/logistics S-REITs¹⁰ traded at an average P/NAV of 1.36x¹¹ whereas non-developer sponsored industrial/logistics S-REITs¹² traded at an average P/NAV of 0.96x¹¹ as of 14 October 2021. Furthermore, S-REITs which are backed by developer sponsors tend to have more competitive costs of capital (e.g. lower cost of debt and better loan terms) due to the availability of the sponsor's resources. For reference, developer sponsored industrial/logistics S-REITs had an average all-in cost of debt of 2.29%¹³, whereas non-developer sponsored industrial/logistics S-REITs had an average all-in cost of debt of 2.90%¹³.
- In addition, a sale of the Manager which results in the Manager ceasing to be a subsidiary (whether directly or indirectly) of the Sponsor, will trigger the change in control provisions in ESR-REIT's existing debt facilities of an aggregate outstanding principal amount of approximately S\$1.29 billion. Any potential buyer of the Manager is likely required to obtain debt financing to replace such existing debt facilities, and there is no guarantee that the new financing terms will be more favourable than ESR-REIT's current financing terms. Such change in control provisions are common in S-REIT debt facilities given the sponsor's support and credit profile are key to the performance of a REIT.

10 Includes Mapletree Industrial Trust, Mapletree Logistics Trust, ARA LOGOS Logistics Trust, Ascendas REIT, Frasers Logistics and Commercial Trust, and ESR-REIT.
 11 Based on closing price as of 14 October 2021 and NAV as of 30 September 2021.
 12 Includes AIMS APAC and Sabana REIT.
 13 Based on company filings as of 30 September 2021.

- We want to reiterate that as an enlarged REIT, both ESR-REIT Unitholders and ALOG Unitholders will jointly enjoy access to the ESR Group's New Economy pipeline of more than US\$59 billion, development work-in-progress of over US\$10 billion¹⁴ and a development pipeline of over 9 million square metres¹⁵ across 10 countries, in addition to the committed financial and operational support from the ESR Group.

Question 7:

We recognise that the Manager is mitigating the leasehold, geographical risks etc. in its portfolio with the Merger. Why can't the Manager acquire a single asset or a portfolio of logistics properties directly from the Sponsor's pipeline instead of spending time and resources going through this Merger?

- This Merger is similar to an acquisition of a portfolio of assets. The time and resources spent on acquiring multiple single assets of \$100 million each is no less than undertaking this Merger. In fact, compared to the acquisition of individual assets to achieve a portfolio of similar size, the Merger is less risky from an execution and financing perspective.
- In addition, the Proposed ARA Acquisition by the ESR Group was completed on 20 January 2022. Accordingly, the ESR Group is now an indirect majority controlling shareholder of the LOGOS Group, and is the common sponsor of ESR-REIT and ALOG. In the absence of the Merger, there is an overlap of mandates in relation to competition for the Sponsor Resources, which is likely to negatively impact the growth of both ESR-REIT and ALOG.

Question 8:

How is the Manager funding the additional acquisition costs pertaining to the revised offer? How would the gearing be affected with the revised Scheme Consideration?

- The additional acquisition costs of S\$27 million pertaining to the revised Scheme Consideration shall be satisfied 90% in new ESR-REIT Units and remaining 10% in cash to be funded by the unsecured bank facilities provided by DBS Bank Ltd, Malayan Banking Berhad, Singapore Branch and Sumitomo Mitsui Banking Corporation Singapore Branch.
- There will be no increase in pro forma gearing of 42.1% post-Merger.

Question 9:

Post-Merger, new ESR-REIT Units will be issued to ALOG Unitholders at the issue price of S\$0.4924 per unit. Would the Merger further lower the unit price of ESR-REIT?

- We are unable to comment or speculate on the enlarged REIT's unit price post-Merger.
- However, we are confident that the strategic merits of the Merger are very clear and these have been acknowledged by the institutional investors, research analysts and proxy advisers. In tandem, the financial merits of the Merger are also very clear with both sets of Unitholders enjoying DPU accretion on a pro forma basis.
- We also believe as one of the top 10 S-REITs and with higher weightage in the FTSE EPRA NAREIT Global Real Estate Index Series (Global Developed Index) post-Merger, the enlarged REIT will gain increased research coverage, expand its institutional investor base and increase its trading liquidity, which will potentially lead to an overall re-rating of the unit price.

¹⁴ ESR Group data as of 30 June 2021.

¹⁵ 2021-2023 pipeline as of the financial quarter ended 31 March 2021.

Question 10:

ALOG has stronger portfolio metrics with its portfolio comprising largely freehold and longer tenure logistics assets. What does ESR-REIT have to offer in this Merger?

- This Merger better positions the enlarged REIT to capture the full value chain from production to delivery to consumption, rather than just relying on a particular asset class (i.e. logistics) that captures only a part of the value chain. The full value chain includes both logistics properties and high-specs assets which are suitable for advanced manufacturing, information communication and technology, data-centre, and pharmaceuticals and life sciences operators. These sectors are driven by the accelerating advancement, broad-based adoption and high-frequency usage of technology which has changed the way we Produce, Deliver and Consume goods.
- In addition, by addressing the potential conflicts of interest arising from the completion of the Proposed ARA Acquisition and with access to the ESR Group's New Economy pipeline of more than US\$59 billion, the enlarged REIT can de-risk new market entry into key Asia Pacific markets where the Sponsor has a market leading presence and create a network effect allowing its existing and new customers to expand and optimise their distribution network. This is increasingly important as customers in the logistics space are focused on creating an efficient distribution network for their operations and it is a critical part of their strategy to work with a credible landlord with established presence across multiple geographies for greater efficiency.

Question 11:

The ESR Group also has a stake in the Sabana REIT Manager which the Manager has reiterated that there are strict controls in place and that the Sabana REIT Manager's board is comprised entirely of independent directors to mitigate against any potential conflicts of interest. Why can't the same be done for ALOG to resolve the potential conflicts of interest issue?

- The internal controls were set up to reduce the potential conflicts of interest when the ESR Group bought over the Sabana REIT Manager while the proposed merger between ESR-REIT and Sabana REIT was in progress. MAS had also required that additional measures be put in place to address specific risks as a result of the ESR Group's holdings in the Sabana REIT Manager and the Manager.
- In the case of ESR-REIT and ALOG, the internal controls were not set up because the merger of the ESR Group and ARA was carried out in parallel with the Merger of ESR-REIT and ALOG. The Merger seeks to resolve the potential conflicts of interest in the overlapping investment mandates of ESR-REIT and ALOG.

Question 12:

Some ALOG Unitholders have griped that they may receive odd lots when the Scheme completes. What should ALOG Unitholders do?

- ALOG Unitholders with odd lots when the Scheme completes may participate in the odd lots trading arrangement facilitated by the ALOG Manager, to round up or down their unitholding to the nearest board lot size of ESR-REIT Units. Further details of the arrangements implemented by the ALOG Manager for the trading of odd lots of ESR-REIT Units will be provided in due course.
- Alternatively, ESR-REIT has the Distribution Reinvestment Plan which it has applied for its past distributions, including the distribution for the quarter from 1 July 2021 to 30 September 2021. The Distribution Reinvestment Plan will also be applied for the latest distribution for the quarter from 1 October 2021 to 31 December 2021. ALOG Unitholders with odd lots after the Scheme completes, may elect to receive fully paid units after the Scheme in lieu of the cash amount of any distribution (including any interim, final, special or other distribution) declared by ESR-REIT.

Question 13:

What is the significance of the issue price and isn't the issue price of new ESR-REIT Unit determined by the market conditions?

- The Scheme Consideration of S\$0.970 per ALOG Unit shall be satisfied by 10% Cash Consideration (S\$0.097) and 90% Consideration Units in the form of new ESR-REIT Units to ALOG Unitholders (S\$0.873). Hence, the issue price impacts the number of new ESR-REIT Units that ALOG Unitholders will receive for each ALOG Unit held.
- In other words, the Cash Consideration payable to each ALOG Unitholder is S\$0.097 per ALOG Unit. The number of Consideration Units to be allotted and issued to each ALOG Unitholder are 1.7729 new ESR-REIT Units (derived by using S\$0.873 divided by the issue price of S\$0.4924).
- The higher the issue price, the lesser the number of new ESR-REIT Units issued to ALOG Unitholders post-Merger and vice versa.
- The issue price is fixed and is not determined by the market conditions. However, after the allotment and listing of the new ESR-REIT Units, the unit price of the enlarged REIT will be subject to fluctuation in market conditions.

Question 14:

Given that this Merger will be dilutive to ESR-REIT Unitholders on a NAV basis, has the Manager considered waiving the acquisition fee?

- A sponsor's strong support is important and highly correlated to the growth of a REIT. Post-Merger, the ESR Group remains committed to the enlarged REIT and will provide the enlarged REIT access to its New Economy pipeline of more than US\$59 billion¹⁶, development work-in-progress of over US\$10 billion and a development pipeline of over 9 million square metres across 10 countries¹⁷, in addition to the committed financial and operational support. There is an initial pipeline of approximately US\$2.0 billion of visible and executable Asia Pacific New Economy assets from the ESR Group to accelerate the enlarged REIT's growth.
- Given the Sponsor is a listed real asset fund manager and developer, it will have to demonstrate to its shareholders that it has received returns from providing the Sponsor Resources and support to the enlarged REIT on a continuous basis. The Manager believes that the tangible benefits from the enlarged REIT's continued access to the Sponsor Resources and support from the Sponsor, including access to the initial pipeline of approximately US\$2.0 billion of visible and executable Asia Pacific New Economy assets from the ESR Group, far supersedes the acquisition fee payable for the Merger, which is estimated to be approximately S\$15.6 million based on the Scheme Consideration.
- It is also important to note that the ESR Group has provided ample financial support for past transactions, surpassing any fees to be earned from the Merger, demonstrating its commitment as sponsor to grow and diversify the REIT. This is evident in the Sponsor's support for ESR-REIT via a S\$125 million backstop for the March 2018 preferential offering, S\$50 million backstop for the October 2019 preferential offering and S\$50 million backstop for the August 2021 preferential offering.
- The backstop by the ESR Group has provided funding certainty to ESR-REIT to undertake the respective acquisitions / asset enhancement initiatives and resulted in savings in underwriting fees which translated to higher DPU accretion to the ESR-REIT Unitholders. Previously, the ESR Group also facilitated the merger with Viva Industrial Trust with the payment of S\$62 million for the manager of Viva Industrial Trust.
- In addition, to ensure alignment of interests with ESR-REIT Unitholders, the acquisition fee will be payable in ESR-REIT Units and shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

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

17 2021-2023 pipeline as of the financial quarter ended 31 March 2021.



About ESR-REIT

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

ESR-REIT invests in quality income-producing industrial properties and as at 31 December 2021 holds interest in a diversified portfolio of 56 properties located across Singapore, with a total gross floor area of approximately 15.3 million square feet and an aggregate property value of S\$3.2 billion¹⁸. The properties are in the following business sectors: Business Park, High-Specs Industrial, Logistics/Warehouse and General Industrial, and are located close to major transportation hubs and key industrial zones island-wide. ESR-REIT also holds a 10.0% interest in ESR Australia Logistics Partnership, a private fund comprising 36 predominantly freehold logistics properties all located in Australia.

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

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

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

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

About the Sponsor, ESR

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

¹⁸ Includes 100% of the valuation of 7000 Ang Mo Kio Avenue 5 and 48 Pandan Road, in which ESR-REIT holds 80% interest in 7000 Ang Mo Kio Avenue 5 and 49% interest in 48 Pandan Road, but excludes the effects arising from the adoption of Financial Reporting Standard (FRS) 116 Leases which became effective on 1 January 2019.



Important Notice

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

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

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