



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

**EXTRAORDINARY GENERAL MEETING TO BE HELD ON 28 MARCH 2023
DETAILED RESPONSES TO KEY QUESTIONS FROM UNITHOLDERS**

ESR-LOGOS Funds Management (S) Limited, as manager of ESR-LOGOS REIT (the "**Manager**") would like to thank all unitholders of ESR-LOGOS REIT ("**Unitholders**") who have submitted their questions in advance of our Extraordinary General Meeting to be held on Tuesday, 28 March 2023 at 10.00 a.m. (Singapore time). The Manager's responses to the key questions received from Unitholders can be found in the Appendix to this announcement.

As there was substantial overlap between the questions received from Unitholders, we have, for Unitholders' easy reference and reading, summarised some of the questions and also grouped related and similar questions and our responses together. Accordingly, not all questions received from Unitholders may be individually addressed.

Unless otherwise defined herein, all capitalised terms have the meaning ascribed to them in the Circular to Unitholders dated 13 March 2023 (the "**Circular**").

BY ORDER OF THE BOARD

ESR-LOGOS Funds Management (S) Limited

(Company Registration No.: 200512804G, Capital Markets Services Licence No.: CMS 100132)
(as Manager of ESR-LOGOS REIT)

Adrian Chui

Chief Executive Officer and Executive Director
23 March 2023

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Appendix

1. Why should Unitholders subscribe for the Preferential Offering (“PO”) at issue price of S\$0.325 per New Unit when Unitholders can buy ESR-LOGOS REIT (“E-LOG”) units from the open market at the same or lower price?

- The PO serves as an option for Unitholders to participate in the S\$300.0 million Equity Fund Raising (“EFR”) announced on 16 February 2023, which comprises the Private Placement of S\$150.0 million completed on 27 February 2023 and the PO of S\$150.0 million.
- The Private Placement was approximately 3.0 times subscribed at the Private Placement Issue Price of S\$0.330 per Private Placement Unit, with two-thirds of the Private Placement allocated to quality long-only institutional investors, real estate specialists and existing institutional and accredited investors.
- Given the S\$450.0 million of demand for the Private Placement, the Manager’s other alternative could have been to allocate the entire S\$300.0 million to the Private Placement tranche without the PO. However, similar to E-LOG’s past EFRs since 2018, the Manager has split the EFR into two tranches comprising the Private Placement and the PO. The rationale for having the PO tranche is to provide E-LOG Unitholders with the opportunity to participate in the EFR and the long-term growth plans of E-LOG. **In the PO tranche, all eligible Unitholders have the right (but not the obligation) to subscribe to their pro-rata entitlement under the PO and apply for excess PO Units.**
- Since the launch of the EFR on 16 February 2023, market volatilities have increased due to the US Federal Reserve Chairman’s hawkish statements on further interest rate hikes, two bank failures in the US (i.e., Silicon Valley Bank and Signature Bank) and the takeover of Credit Suisse by UBS that is brokered by the Swiss authorities which has shaken confidence in the global banking sector. While E-LOG’s unit price has declined since the launch of the EFR, the PO Issue Price of S\$0.325 per PO Unit is at a discount of 0.5000 cents to the Private Placement Issue Price of S\$0.330 per Private Placement Unit.
- In addition, the subscription to the PO Units and application for excess PO Units will not attract any brokerage fees and therefore, Unitholders can save on transaction costs when they subscribe to the PO Units or apply for excess PO Units as opposed to buying E-LOG units from the open market.
- **To demonstrate its long-term commitment and support for E-LOG and the PO, the Sponsor, ESR Group, has announced that it will fully backstop the PO, providing financing certainty for E-LOG to execute its strategies and save underwriting fees for Unitholders.**
- **As such, should any Unitholder choose not to participate in the PO, the Sponsor will take up the excess PO Units (after all the excess PO Units have been allocated to satisfy other eligible Unitholders’ applications for excess PO Units) at the PO Issue Price of S\$0.325 per PO Unit as the Sponsor believes in the long-term fundamental prospects of E-LOG despite the short-term market volatilities and thematic plays.**

2. Why is an EFR required now? Why not wait for an identified acquisition / redevelopment / AEI or for proceeds of the announced divestments to be received before considering an EFR?

- This EFR is in line with the REIT's overall growth strategy focusing on (i) Rejuvenating the asset portfolio, (ii) Recycling capital, (iii) Recapitalising for growth and (iv) Reinforcing the Sponsor's commitment.
- It enables the REIT to drive its portfolio reconstitution agenda and "future-ready" its portfolio while unlocking value for Unitholders.
- There is generally a time lag between when an asset divestment is announced to the eventual completion when the divestment proceeds are received. This is especially so for assets that require JTC's approval, which introduces an element of uncertainty in the timing of the receipt of the divestment proceeds.
- The EFR will provide the REIT with flexibility to deploy capital for potential acquisitions / AEIs or redevelopments while maintaining a strong financial position, and not be subject to prevailing market funding conditions and/or significant market volatilities as we have seen in the past two weeks.
- Hence, the proceeds from the EFR will enable the REIT to act swiftly and decisively when it identifies any potential acquisition and investment opportunities.

3. Can you give more colour on the progress and expected timeline in relation to the assumed asset divestments and when those proceeds would be available to the REIT?

- The Manager has identified c.S\$450.0 million of non-core assets for divestments to be made in the next 12 months which is in line with our recycling strategy into New Economy assets.
- CBRE Singapore has been appointed to assist on this exercise.
- We have received a number of bid proposals from institutional investors and corporates who invest in Singapore real estate. The Manager is currently evaluating the proposals and will make the appropriate announcements if the proposals are in the best interest of the Unitholders.

4. What will the proceeds from the EFR be used for given there are no announced acquisitions currently, and when will the proceeds be utilised?

- The net proceeds from the EFR will be used to fund identified redevelopments / AEIs and/or future acquisitions.
- In the interim, the net proceeds from the EFR will be used to pare down existing debt to maximise financial flexibility and efficiency while reducing interest expense.
- This will enable the REIT to increase its debt headroom and act decisively in response to potential acquisitions and investment opportunities while reducing its interest expense and strengthening its balance sheet in the interim especially amidst an increasingly volatile economic and financing climate.

5. Does the REIT have intention not to pay out distributions due to its perpetual securities holders which in turn will affect the ability to pay distributions to unitholders?

- E-LOG's cashflows are strong with rental collections averaging 98.0% of total billings, with 100% and 62.8% of its assets in developed countries (i.e., Singapore, Australia and Japan) and New Economy assets (i.e., logistics and high-specs assets) respectively. E-LOG has sufficient committed undrawn revolving credit facilities of S\$320.4 million¹ to meet any near term debt refinancing and cash flow requirements, and upon completion of the Preferential Offering, E-LOG's proforma gearing would be 38.0%. As such, E-LOG will continue to pay distributions to its perpetual securities holders.

6. Does the REIT intend to redeem the recently reset S\$150m perpetual securities?

- The Manager's current intention is to maintain the recently reset S\$150.0 million perpetual securities given the current interest rate environment and capital market conditions which are not conducive for the issuance of any new perpetual securities to redeem the aforesaid S\$150.0 million perpetual securities. Nevertheless, we have the flexibility to exercise our right to redeem the aforesaid perpetual securities on any subsequent semi-annual distribution payment date if the Manager believes that the market conditions are conducive and/or it is in the best interest of the Unitholders to do so.

¹ As at 31 December 2022

About ESR-LOGOS REIT

ESR-LOGOS REIT is a leading New Economy and future-ready Asia Pacific S-REIT. Listed on the Singapore Exchange Securities Trading Limited since 25 July 2006, ESR-LOGOS REIT invests in quality income-producing industrial properties in key gateway markets.

As at 31 December 2022, ESR-LOGOS REIT holds interests in a diversified portfolio of logistics properties, high-specifications industrial properties, business parks and general industrial properties with total assets of approximately S\$5.7 billion. Its portfolio comprises 82 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (61 assets), Australia (20 assets) and Japan (1 asset), with a total gross floor area of approximately 2.3 million sqm, as well as investments in three property funds in Australia. ESR-LOGOS REIT is also a constituent of the FTSE EPRA Nareit Global Real Estate Index.

ESR-LOGOS REIT is managed by ESR-LOGOS Funds Management (S) Limited (the “**Manager**”) and sponsored by ESR Group Limited (“**ESR**”). The Manager is owned by ESR (99.0%) and Shanghai Summit Pte. Ltd. (1.0%), respectively.

For further information on ESR-LOGOS REIT, please visit www.esr-logosreit.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 over US\$140 billion in total assets under management (AUM), its 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 allow capital partners and customers to capitalise on the most significant secular trends in APAC. 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 its business 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.

For more information on ESR, please visit www.esr.com

Important Notice

The value of units in ESR-LOGOS 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-LOGOS Funds Management (S) Limited (“**Manager**”), Perpetual (Asia) Limited (in its capacity as trustee of ESR-LOGOS 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-LOGOS REIT, the Manager, the Trustee nor any of the Affiliates guarantees the repayment of any principal amount invested, the performance of ESR-LOGOS REIT, any particular rate of return from investing in ESR-LOGOS REIT, or any taxation consequences of an investment in ESR-LOGOS REIT. Any indication of ESR-LOGOS 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-LOGOS 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-LOGOS REIT or any investment or product of or to subscribe to any services offered by the Manager, the Trustee or any of the Affiliates.