

# Extraordinary General Meeting

26 April 2023



# Important Notice

This presentation should be read in conjunction with the circular to Unitholders dated 4 April 2023 (“Circular”). The Circular (together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form) may also be accessed at ESR-LOGOS REIT’s website at the URL <https://www.esr-logosreit.com.sg/> and are also available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. Unless otherwise defined herein, all capitalised terms have the meaning ascribed to them in the Circular.

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# Approvals Sought

Approval is being sought from Unitholders for the following resolutions:

**Extraordinary  
Resolution 1:**

**The Proposed Acquisition Fee Amendment**

**Extraordinary  
Resolution 2:**

**The Proposed Broker's Commission Amendment**

**Ordinary  
Resolution 3:**

**The proposed entry into the New Singapore Property Management Agreements, as an Interested Person Transaction**

- For the avoidance of doubt, Resolutions 1, 2 and 3 are not inter-conditional

# Resolution 1: The Proposed Acquisition Fee Amendment

## Current Structure under the Trust Deed:

The Manager is entitled to receive an Acquisition Fee of 1.0% of the value of any underlying Real Estate subject to there being no double-counting, for the acquisition of equity interests in any Special Purpose Vehicle directly or indirectly holding such Real Estate provided that:

i E-LOG shall hold or invest in at least 50.0% of the Equity of such entity;

or

ii in the case that E-LOG holds or invests in 30.0% or more but less than 50.0% of the Equity of such entity, that E-LOG shall have Management Control of the underlying Real Estate and/or such entity,

collectively the “Ownership Requirements”

The Manager proposes to amend the Trust Deed to remove the Ownership Requirements such that the Manager will be entitled to receive the 1.0% Acquisition Fee for all acquisitions subject to the provisions of the Trust Deed.

# Rationale for and Key Benefits of the Proposed Acquisition Fee Amendment

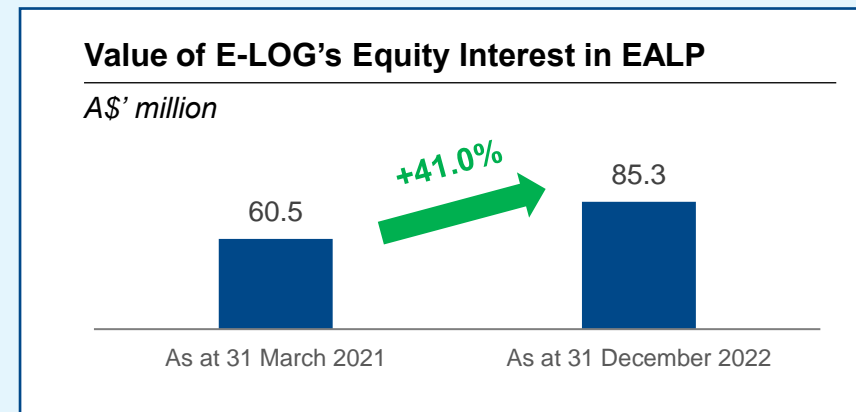


**1A: Consistent with market practice of other Singapore REITs<sup>(1)</sup>**



**1B: Ensures the Manager is adequately compensated to proactively acquire assets in the interests of E-LOG and Unitholders**

- Even though the acquisition of EALP was beneficial to E-LOG and Unitholders, the Manager did not receive the 1.0% acquisition fee for facilitating the transaction as it did not meet the Ownership Requirements



**1C: Further align the interests between the Manager and E-LOG**

# Rationale for and Key Benefits of the Proposed Acquisition Fee Amendment



## 1A: Consistent with market practice of other Singapore REITs<sup>(1)</sup>

Below table extracted from the IFA's Letter in Appendix B of the Circular dated 4 April 2023:

Comparable S-REITs	Listed in	Acquisition fee and divestment fee
<b>AIMS APAC REIT</b>	<b>2007</b>	(i) Acquisition fee of 1.0% of the acquisition price (ii) Divestment fee of 0.5% of the sale price
<b>Capitaland Ascendas REIT</b>	<b>2002</b>	(i) Acquisition fee of 1.0% of the acquisition price (ii) Divestment fee of 0.5% of the sale price
<b>Mapletree Industrial Trust</b>	<b>2010</b>	(i) Acquisition fee not exceeding 1.0% of the acquisition price (ii) Divestment fee not exceeding 0.5% of the sale price
<b>Mapletree Logistics Trust</b>	<b>2005</b>	(i) Acquisition fee not exceeding 1.0% of the acquisition price (ii) Divestment fee not exceeding 0.5% of the sale price
<b>Sabana Industrial REIT</b>	<b>2010</b>	(i) Acquisition fee of 1.0% (or such lower percentage as may be determined by the manager in its absolute discretion) of the acquisition price (ii) Divestment fee of 0.5% (or such lower percentage as may be determined by the manager in its absolute discretion) of the sale price
<b>E-LOG (pursuant to the Proposed Acquisition Fee Amendment)</b>	<b>2006</b>	(i) Acquisition fee of 1.0% of the acquisition price (ii) Divestment fee of 0.5% of the sale price

Source: Respective companies' annual reports

# Resolution 2: The Proposed Broker's Commission Amendment

## Current Structure under the Trust Deed:

In relation to any acquisition, divestment or transaction of any Real Estate for E-LOG:

### i In Singapore:

Any payment to third-party agents or brokers in connection with the acquisition or divestment shall be borne by the Manager.

and

### ii Outside of Singapore:

Any payment to third-party agents or brokers in connection with an acquisition or divestment shall be paid out of the Deposited Property of the Trust subject to the Manager charging an Acquisition Fee of 0.6% instead of 1.0% of the acquisition price or, as the case may be, a Divestment Fee of 0.5% of the sale price.

**The Manager proposes to amend the Trust Deed to streamline payments to any third-party agents or brokers in connection with any acquisition or divestment, regardless of whether it is made in Singapore or outside of Singapore, to be paid out of E-LOG's Deposited Property instead of being borne by the Manager out of the Manager's Acquisition Fee and Divestment Fee.**

# Rationale for and Key Benefits of the Proposed Broker's Commission Amendment



## 2A: Reducing Potential Conflicts of Interest

- 1) **Allows E-LOG to pay third-party agents or brokers at the market rate** out of the Deposited Property of E-LOG and **incentivise them to actively approach E-LOG on potential deals**
- 2) In some instances, such commissions may be greater than the Acquisition Fee or Divestment Fee to be received by the Manager
  - a) Third-party agents or brokers may **seek to receive an additional fee from the sellers or buyers** (in the case of acquisitions or divestments respectively)
  - b) This could **result in a potential conflict of interest** as the sellers or buyers are now paying the commissions to the third-party agents or brokers
  - c) Third-party agents or brokers will **no longer be acting in the full interests of E-LOG**



# Rationale for and Key Benefits of the Proposed Broker's Commission Amendment



## 2B: Clearer Distinction Between the Role of the Manager and Third-Party Agents or Brokers During a Transaction

### The Manager

- ✓ **Overseeing transactions, coordinating and supervising third-party agents or brokers and other professionals**
- ✓ **Gather relevant information required and conduct due diligence**
- ✓ **Determining appropriate funding mix and sources**
- ✓ **Negotiate and finalise the transaction**

### Third-Party Agents or Brokers

- ✓ **Introducing potential purchasers or sellers**
- ✓ **Facilitate and mediate negotiations**
- ✓ **Create greater demand and price tensions resulting in a more competitive sale process**

# Rationale for and Key Benefits of the Proposed Broker's Commission Amendment



## 2C: Providing the Manager with Greater Information

- Third-party agents or brokers may have **access to a broader pool of potential sellers and buyers** (in the case of acquisitions and divestments respectively)
- Results in the **Manager being better informed** on prospective transactions
- Generate a **more competitive sale process** by creating greater demand to obtain better pricing



## 2D: Alignment with Market Practices

- It is the **market practice** within Singapore REITs for any commission payable to third-party agents or brokers be **paid out of the deposited property of the REIT**<sup>(1)</sup>

# Rationale for and Key Benefits of the Proposed Broker's Commission Amendment



## 2D: Alignment with Market Practices

Below table extracted from the IFA's Letter in Appendix B of the Circular dated 4 April 2023:

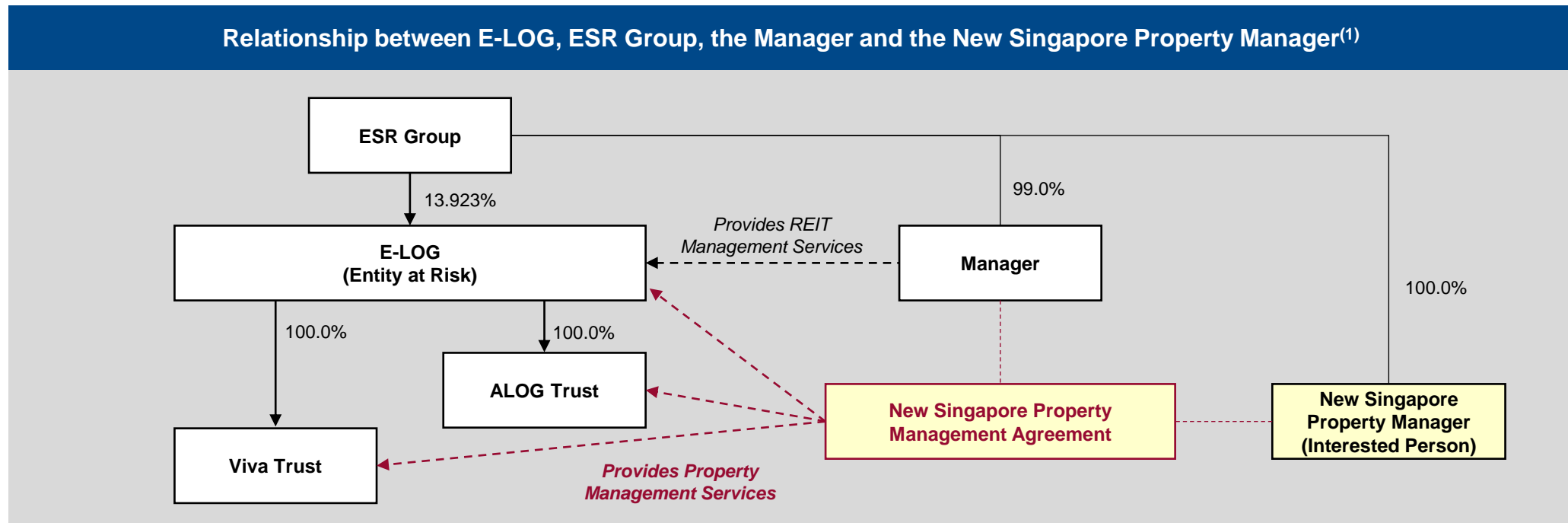
Comparable S-REITs	Listed in	Broker's Commission on acquisition and divestment	Fee bearing party
<b>AIMS APAC REIT</b>	<b>2007</b>	Any payment to third party agents or brokers in connection with the acquisition of any authorised investments for AIMS APAC REIT shall be paid by the manager to such persons out of deposited property or the assets of the relevant SPV. Any payment to third party agents or brokers in connection with the disposal of any authorised investments for AIMS APAC REIT shall be paid by the manager to such persons out of deposited property or the assets of the relevant SPV.	<b>REIT</b>
<b>Capitaland Ascendas REIT<sup>(1)</sup></b>	<b>2002</b>	N.A.	<b>N.A.</b>
<b>Mapletree Industrial Trust</b>	<b>2010</b>	Any payment to the third party agents or brokers in connection with the acquisition or divestment of any real estate or real estate-related assets of Mapletree Industrial Trust shall be paid by the manager to such persons out of the deposited property of Mapletree Industrial Trust or the assets of the relevant SPV.	<b>REIT</b>
<b>Mapletree Logistics Trust</b>	<b>2005</b>	Any payment to third party agents or brokers in connection with the acquisition or disposal of any authorised investment located in Singapore for the trust shall be paid by the manager to such persons out of the acquisition fee or (as the case may be) the disposal fee received by the manager, and not additionally out of the trust or (as the case may be) the assets of the relevant SPV. The manager may however make payment to third party agents or brokers in connection with the acquisition or disposal of any authorised investment located outside of Singapore out of the trust or (as the case may be) the assets of the relevant SPV, and not out of the acquisition fee or (as the case may be) the disposal fee received by the manager.	<b>Manager or REIT, depending on geography</b>
<b>Sabana Industrial REIT</b>	<b>2010</b>	Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of Sabana Industrial REIT shall be paid by the manager to such persons out of the deposited property of Sabana Industrial REIT or the assets of the relevant SPV.	<b>REIT</b>
<b>E-LOG (pursuant to the Broker's Commission Amendment)</b>	<b>2006</b>	For any acquisition or transaction, any payment to third party agents or brokers in connection with the acquisition of any Real Estate for the Trust shall be paid out of the Deposited Property of the Trust and not out of the Acquisition Fee. For any divestment or transaction, any payment to third party agents or brokers in connection with the divestment of any Investment for the Trust shall be paid out of the Deposited Property of the Trust and not out of the Divestment Fee.	<b>REIT</b>

Source: Respective companies' annual reports, prospectuses, and EGM circulars, where applicable

Notes: (1) N.A. refers to no publicly disclosed information pertaining to the respective comparable S-REITs.

# Resolution 3: The Proposed Entry Into the New Singapore Property Management Agreements, as an Interested Person Transaction

The Manager proposes to enter into new property management agreements, on substantially the same terms as the Existing Singapore Property Management Agreements for a period of 10 years.

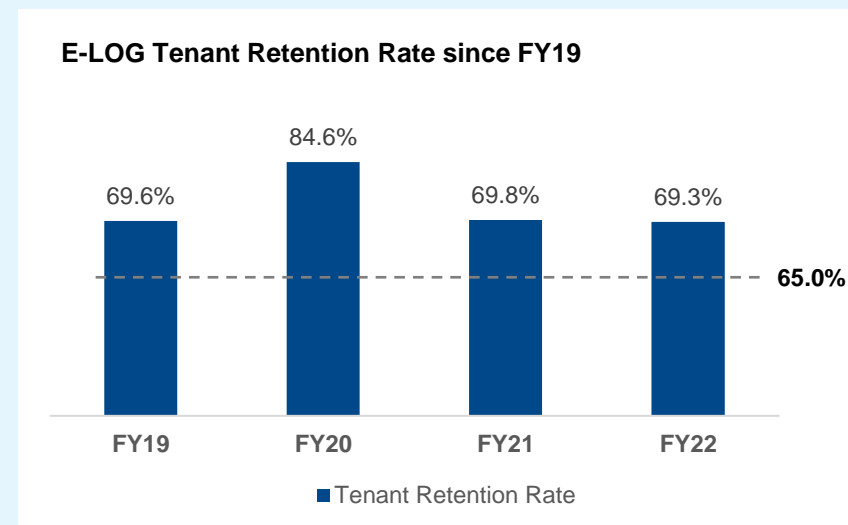
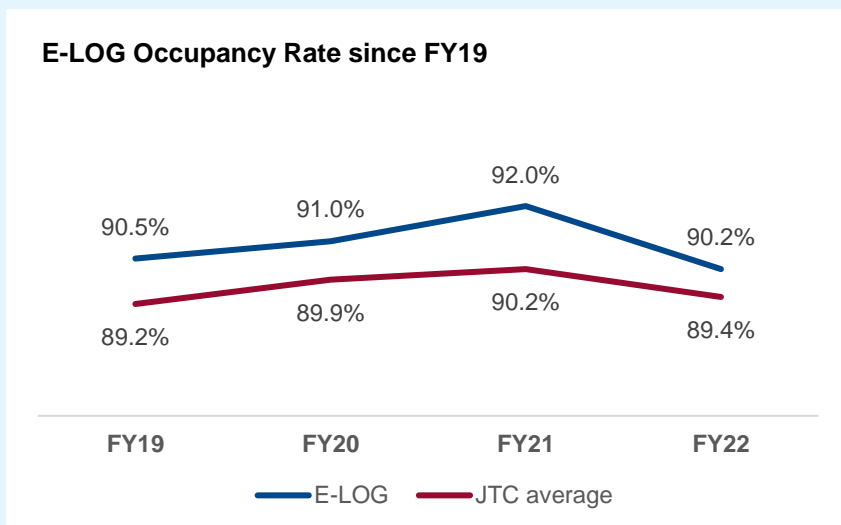


# Key Benefits of the Proposed Entry Into the New Singapore Property Management Agreements, as an Interested Person Transaction



## 3A: Proven Track Record and Experience of the New Singapore Property Manager

- 1) Occupancy rates of E-LOG's Singapore portfolio had been healthy, stable and consistently above JTC average
- 2) Built up and maintained strong relationships with existing tenants resulting in tenant retention rate being consistently above 65.0%



# Key Benefits of the Proposed Entry Into the New Singapore Property Management Agreements, as an Interested Person Transaction



## 3B: Cost Savings from Economies of Scale

- Any cost savings achieved will potentially lower operating costs for E-LOG's Singapore properties



## 3C: Fees Payable to the New Singapore Property Manager Remains Competitive

- Fees payable are competitive and within market norms of Singapore REITs
- Fees payable under the New Singapore Property Management Agreements remain identical to the fees payable under the Existing Property Management agreements, save for the amended marketing services fee which provides the Manager with the flexibility to charge a lower marketing services fee that commensurates with the tenure of the leases secured



## 3D: Supporting the Strategic Direction of E-LOG

# Approvals Sought

Approval is being sought from Unitholders for the following resolutions:

Extraordinary  
Resolution 1:

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Extraordinary  
Resolution 2:

The Proposed Broker's Commission Amendment

Ordinary  
Resolution 3:

The proposed entry into the New Singapore Property Management Agreements, as an Interested Person Transaction

- For the avoidance of doubt, Resolutions 1, 2 and 3 are not inter-conditional

# Opinion of Independent Financial Adviser (“IFA”) (Deloitte & Touche Corporate Finance)

## Resolution 1: The Proposed Acquisition Fee Amendment

- Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the Independent Financial Adviser is of the opinion that the Proposed Acquisition Fee Amendment is based on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Financial Adviser has advised the Independent Directors and the ARCC to recommend that Unitholders [vote in favour of Resolution 1](#) (the Proposed Acquisition Fee Amendment) to be proposed at the EGM.

## Resolution 2: The Proposed Broker’s Commission Amendment

- Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the Independent Financial Adviser is of the opinion that the Proposed Broker’s Commission Amendment is based on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Financial Adviser has advised the Independent Directors and the ARCC to recommend that Unitholders [vote in favour of Resolution 2](#) (the Proposed Broker’s Commission Amendment) to be proposed at the EGM.



# Opinion of Independent Financial Adviser (“IFA”) (Deloitte & Touche Corporate Finance)

## Resolution 3: The proposed entry into the New Singapore Property Management Agreements, as an Interested Person Transaction

- Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the Independent Financial Adviser is of the opinion that the proposed entry into the New Singapore Property Management Agreements is based on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Financial Adviser has advised the Independent Directors and the ARCC to recommend that Unitholders [vote in favour of Resolution 3](#) (the Proposed Entry into the New Singapore Property Management Agreements) to be proposed at the EGM.

# Recommendations by the Independent Directors and Audit, Risk Management and Compliance Committee (“ARCC”)

## Resolution 1: The Proposed Acquisition Fee Amendment

- Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of the Circular) and having regard to the rationale for and key benefits of the Proposed Acquisition Fee Amendment as set out in paragraph 2.3 of the Circular, the Independent Directors and the ARCC believe that the Proposed Acquisition Fee Amendment is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Directors and the ARCC recommend that Unitholders [vote at the EGM in favour of Resolution 1](#) relating to the Proposed Acquisition Fee Amendment.

## Resolution 2: The Proposed Broker’s Commission Amendment

- Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of the Circular) and having regard to the rationale for and key benefits of the Proposed Broker’s Commission Amendment as set out in paragraph 3.3 of the Circular, the Independent Directors and the ARCC believe that the Proposed Broker’s Commission Amendment is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Directors and the ARCC recommend that Unitholders [vote at the EGM in favour of Resolution 2](#) relating to the Proposed Broker’s Commission Amendment.

# Recommendations by the Independent Directors and Audit, Risk Management and Compliance Committee (“ARCC”)

## Resolution 3: The proposed entry into the New Singapore Property Management Agreements, as an Interested Person Transaction

- Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix B** of the Circular) and having regard to the rationale for and key benefits of the New Singapore Property Management Agreements as set out in paragraph 4.3 of the Circular, the Independent Directors and the ARCC believe that the proposed entry into the New Singapore Property Management Agreements is on normal commercial terms and is not prejudicial to the interests of E-LOG and its minority Unitholders.
- Accordingly, the Independent Directors and the ARCC recommend that Unitholders [vote at the EGM in favour of Resolution 3](#) relating to the proposed entry into the New Singapore Property Management Agreements.

# Extraordinary General Meeting

Question & Answer Session





## For enquiries, please contact:

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