



ESR announces ESR-REIT's proposed merger with ARA LOGOS Logistics Trust to form ESR-LOGOS REIT

Transformational merger to create a flagship pan-Asia logistics and high-tech S-REIT sponsored by APAC's largest real asset manager¹ powered by New Economy real estate

SINGAPORE/HONG KONG, 15 OCTOBER 2021 – ESR Cayman Limited (“ESR”, the “Group” or the “Sponsor” of ESR-REIT); SEHK Stock Code: 1821) today announced that ESR Funds Management (S) Limited (the manager of ESR-REIT) has entered into an agreement with the manager of ARA LOGOS Logistics Trust (“ALOG”) for the proposed merger of ESR-REIT and ALOG (the “Proposed Merger”) under which ALOG will become a wholly-owned sub-trust of ESR-REIT, creating a leading future-ready New Economy APAC S-REIT named ESR-LOGOS REIT (the “Enlarged REIT”).

The Proposed Merger comes on the heels of ESR’s announcement to acquire 100% of the share capital of ARA Asset Management (the “ARA Acquisition”) which via LOGOS owns 100% of the ALOG manager. The ESR-ARA transaction is set to create the largest real asset manager in APAC and the third largest listed real estate investment manager globally with a combined AUM of US\$131 billion². The enlarged ESR Group³ (the “Enlarged ESR Group” or the “Enlarged Group”) is powered by the leading New Economy real estate platform with over US\$50 billion⁴ of AUM and which represents approximately 80% of the Enlarged Group’s EBITDA. Additionally, over 50% of the Enlarged Group’s AUM will come from perpetual and core capital vehicles including 14 listed REITs, which strengthens the Group’s fully integrated closed loop solutions ecosystem for capital partners and further enhances the platform’s earnings resilience and asset light trajectory.

As the largest sponsor of REITs in APAC¹, ESR Group is highly committed to the long-term growth of ESR-LOGOS REIT. It will be an integral part of ESR’s enlarged platform, leveraging ESR Group’s market leading AUM, development work-in-progress (“WIP”) of over US\$10 billion⁵ and pipeline of over 7.7 million square metres across 10 countries that represents over 95% of GDP in APAC. Post-Merger, the total assets of the Enlarged REIT will grow to approximately S\$5.4 billion⁶ (approximately US\$4 billion), making it one of the top 10 largest S-REITs by free float market capitalisation⁷.

Jeffrey Perlman, Chairman of ESR, said: “This Merger brings together two best-in-class S-REITs to create an even stronger platform for sustainable growth and value creation for unitholders. With the acquisition of ARA (and its captive logistics subsidiary, LOGOS), we believe we can further transform the Enlarged REIT into the pre-eminent New Economy S-REIT in APAC. This is just one of the several

¹ Upon completion of the proposed ARA Acquisition.

² As of 31 December 2020 for ESR Group adjusted for AUM announced in 1H2021 (Milestone Portfolio US\$2.8bn, RJLF 3 US\$675mm, Korea Income JV US\$500mm). AUM by ARA Group and its associates as at 30 June 2021.

³ Upon completion of the proposed ARA Acquisition, ARA’s business will be combined with ESR’s platform to form the Enlarged ESR Group.

⁴ Enlarged ESR Group data as at 30 June 2021 inclusive of ALOG, adjusted for LOGOS’ acquisition of Moorebank Logistics Park announced on 5 July 2021.

⁵ Based on Enlarged ESR Group data as at 30 June 2021.

⁶ Based on reported total assets as of 30 June 2021.

⁷ Free float excludes ESR-REIT Units held by the Sponsor, Summit Group, the ESR-REIT Manager, the directors of the ESR-REIT Manager, other substantial ESR-REIT Unitholders and their respective associates. The free float of the Enlarged REIT post-Merger also excludes ESR-REIT Units that would be held by the ALOG Manager, the directors of the ALOG Manager, and their respective associates. ESR-LOGOS REIT’s free float of S\$2.5 billion is computed based on 4,951 million free float units multiplied by an issue price of S\$0.510 per ESR-LOGOS REIT Unit.

value enhancing steps for the broader Group that we intend to take as a part of the ARA Acquisition. We are witnessing a once-in-a-generation change in real estate driven by the rapid rise of e-commerce, digital transformation and the financialisation of real estate. As the largest real asset manager and the largest sponsor of REITs in APAC following the planned acquisition of ARA, the Enlarged ESR Group is uniquely positioned to capture these mega trends and high conviction secular growth opportunities.”

The planned acquisition of ARA brings together two of the region’s fastest growing platforms, ESR and LOGOS, to form the leading New Economy real estate platform in APAC, doubling down on this rapidly expanding segment with two leading growth engines. The Enlarged Group’s New Economy AUM, WIP and development pipeline will be the largest in APAC with top 1 or 2 positions in every market across the region.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, added: “We are very excited about the Proposed Merger of ESR-REIT and ALOG. By joining forces, we are confident that the enhanced size and scale of the Enlarged REIT will create a highly attractive platform for customers and investors and also bring about new strengths and opportunities. With over US\$50 billion⁴ of logistics, industrial and data centre AUM and a development WIP of over US\$10 billion⁵ post the planned acquisition of ARA, we remain deeply committed to supporting the long-term growth of the Enlarged REIT by leveraging ESR’s position as the leading New Economy real estate platform in APAC.”

The Enlarged REIT will hold 87 Portfolio Properties⁸ (including 20 in Australia) and 41 Fund Properties⁹ in Australia held through fund investments, totalling a net leasable area of 24.1 million square feet (2.2 million square metres). This diversified portfolio encompasses logistics/warehouse, high-specifications industrial properties, business parks and general industrial properties.

Adrian Chui, Chief Executive Officer and Executive Director of the ESR-REIT Manager, said: “The Proposed Merger is in line with ESR-REIT’s strategy to accelerate our exposure to the sustainable growth of in-demand logistics properties – the largest secular growth opportunity in Asia, driven by the rapid rise of e-commerce and further amplified by paradigm shifts in global manufacturing supply chains. The Proposed Merger will also deepen our presence in key Singapore industrial clusters and expand our foothold in new economic hubs in Australia. With the combination of two best-in-class platforms with solid track records in value creation, more competitive and wider pools of capital as well as lower portfolio risks, the Proposed Merger will re-position and propel the ESR-LOGOS REIT towards an enhanced growth trajectory, backed by our Sponsor, ESR Group. ESR-LOGOS REIT will have access to the Sponsor’s New Economy pipeline to supercharge growth to become a leading Future-Ready APAC S-REIT. We are excited about the prospects for our future and the value we can deliver for our combined group of unitholders.”

Karen Lee, Chief Executive Officer of the ALOG Manager, said: “The Proposed Merger will be a win-win transaction for unitholders of both REITs. It is the next chapter in our transformational growth, delivering value accretion for our unitholders while positioning us for sustainable growth. The Proposed Merger will more than double ALOG’s size and propel ESR-LOGOS REIT to become one of the top 10 largest S-REITs by free float market capitalisation. The benefits of an enlarged asset base under the merged ESR-LOGOS REIT are numerous and immediate. It enhances our financial capacity and flexibility to pursue larger and more sizeable growth opportunities. In addition, it allows us to conduct active portfolio rebalancing and capital recycling to pursue our supercharged growth trajectory. ESR-LOGOS REIT’s larger market capitalisation and free float is expected to lead to higher trading liquidity, increase its weightage in the FTSE EPRA Nareit Global Developed Index and thereby attract a larger base of institutional investors. Together, we are confident that we will be in an even

⁸ Portfolio properties refer to all properties owned either directly or indirectly but excludes Fund Properties.

⁹ Fund properties refer to all properties owned either directly or indirectly through investment funds.

stronger position to grow the combined platform and continue delivering long-term sustainable value to our combined group of unitholders.”

The Proposed Merger will be effected by way of a trust scheme of arrangement in compliance with the Singapore Code on Take-overs and Mergers whereby ALOG Unitholders will receive a Scheme Consideration of S\$0.95 for each ALOG Unit comprising:

- the payment of S\$0.095 in cash¹⁰ per ALOG Unit ("Cash Consideration"); and
- the allotment and issue of 1.6765 new ESR-REIT Units¹¹ ("Consideration Units") for each ALOG Unit, issued at S\$0.51.

The aggregate Scheme Consideration is based on a gross exchange ratio of 1.863x¹².

The total consideration for the Proposed Merger is approximately S\$1.4 billion (approximately US\$1 billion) as at the Announcement Date.

Upon completion of the Proposed Merger, ESR is expected to hold approximately 10.9%¹³ of the total issued units in the Enlarged REIT.

The Merger is subject to the approval of ESR-REIT and ALOG Unitholders. Completion is expected by the first quarter of 2022.

Further information on the Proposed Merger can be found in the joint announcement, as well as both ESR-REIT's and ALOG's investor presentations, which can be downloaded from SGXNET or from ESR-REIT's and ALOG's respective websites.

About ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area ("GFA") and by value of the assets owned directly and by the funds and investment vehicles it manages with a growing presence in data centres. ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGGM and SK Holdings. The ESR platform spans major economies across the APAC region, including China, Japan, South Korea, Singapore, Australia, India, Vietnam and Indonesia. As of 30 June 2021, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$36.3 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 22.6 million square metres in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, 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.

¹⁰ The aggregate Cash Consideration to be paid to each ALOG Unitholder shall be rounded to the nearest S\$0.01.

¹¹ The number of Consideration Units which each ALOG Unitholder will be entitled to pursuant to the Scheme will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Consideration Units to be issued to any ALOG unitholder pursuant to the Scheme.

¹² Derived from the Offer Price of S\$0.95 divided by the Issue Price of S\$0.51 for each new ESR-REIT Unit.

¹³ Illustrative pro forma unitholding structure based on latest available information as at 8 October 2021, based on gross exchange ratio of 1.863x.

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 30 June 2021 holds interest in a diversified portfolio of 58 properties located across Singapore, with a total gross floor area of approximately 15.6 million square feet and an aggregate property value of S\$3.2 billion¹⁴. 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.

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¹⁴ 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.