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

## NEWS RELEASE

**For immediate release**

# ESR-LOGOS REIT Enhances 4R Strategy with +1.8% DPU Accretive Acquisitions in Japan and Singapore from Sponsor

- *Proposed acquisition of 100% interest in modern logistics facility ESR Yatomi Kisosaki Distribution Centre, Nagoya, Japan, and a 51% interest in a high-specifications manufacturing facility and ramp-up logistics warehouses, 20 Tuas South Avenue 14, Singapore*
- *Acquisitions expected to be +1.8% DPU accretive to Unitholders*
- *Japan and Singapore acquisitions are acquired at attractive NPI yields and at a 2.3% discount each to their respective average valuation*
- *Acquisitions will increase E-LOG's New Economy assets exposure and increase portfolio underlying land lease to mitigate land lease decay impact on valuations*
- *Acquisitions further reinforce strong Sponsor support from ESR Group in providing pipeline of high-quality New Economy assets to E-LOG to establish flagship New Economy REIT*
- *Total acquisition outlay of c. S$772.6 million to be funded by a mix of green debt financing and proceeds to be raised via a preferential offering of new units backstopped by ESR Group*

***Singapore, 31 July 2024*** – ESR-LOGOS Funds Management (S) Limited, the manager of ESR-LOGOS REIT (the "**Manager**"), is pleased to announce the proposed acquisitions of 100% of the trust beneficiary interest in ESR Yatomi Kisosaki Distribution Centre ("**ESR Kisosaki DC**"), a modern logistics facility located in Nagoya, Japan, as well as a 51% interest in 20 Tuas South Avenue 14 ("**20TSA**"), Singapore, a high-specifications manufacturing facility with newly constructed ramp-up logistics warehouses with modern specifications. The total acquisition outlay for the acquisitions is approximately S$772.6 million and the acquisitions are expected to be +1.8% DPU accretive to unitholders of E-LOG ("**Unitholders**").

Commenting on the acquisitions, Mr. Adrian Chui, Chief Executive Officer and Executive Director of the Manager said, "We are pleased to announce the proposed acquisitions of ESR Kisosaki DC and 20TSA as we embark on the next phase of growth for E-LOG. These acquisitions from our Sponsor, ESR Group's asset pipeline, align seamlessly with E-LOG's "4R Strategy" and will significantly enhance E-LOG's New Economy portfolio and extend the underlying land leases to create a resilient and future-ready portfolio. By integrating these high-quality assets, E-LOG's portfolio will increasingly pivot towards future-ready green assets, reinforcing our commitment to sustainability and long-term value.

In Japan, the addition of ESR Kisosaki DC, a sizable freehold asset, will allow us to scale up our presence and leverage ESR Japan's on-the-ground expertise for economies of scale. This acquisition not only expands our footprint in a key market but also strengthens our portfolio with a high-quality and sizable freehold New Economy asset.

The new asset in Singapore, 20TSA, located in close proximity to the Tuas Mega Port, presents a rare opportunity to acquire a sizable and modern New Economy asset with a long remaining land lease. Its strategic location will benefit from the increased activity and development in the area, providing us with a quality asset that is well-positioned to capitalise on the growth of the logistics and industrial sectors as port activity increases.

These acquisitions will improve E-LOG’s key portfolio metrics significantly and underscore our dedication to creating a resilient and future-ready green portfolio. We are confident that our “4R Strategy” will drive long-term value for our Unitholders and will continue to execute on our growth strategy effectively with the strong support from our Sponsor, ESR Group.”

**ESR Yatomi Kisosaki Distribution Centre, Japan**

ESR Kisosaki DC is a four-storey double ramp modern logistics facility in Nagoya, Japan, with a total land area of 79,096 square metres (“**sqm**”), and a weighted average lease expiry (“**WALE**”) of 2.7[1] years as at 30 June 2024. ESR Kisosaki DC is freehold, was completed on 28 April 2022, and has a CASBEE A Sustainability Rating, which is one of the highest functional standards for grading green buildings in Japan. ESR Kisosaki DC has a committed occupancy rate of 89.4%[1] with tenants from the logistics and warehousing sector, food and beverage sector and the general and precision engineering sector. The estimated acquisition outlay for the acquisition of ESR Kisosaki DC is JPY38,681 million (approximately S$328.0 million).

ESR Kisosaki DC is situated in the northeastern Mie Prefecture, in the Bay Area of Greater Nagoya, with excellent road connectivity to the Nagoya Container Terminal (Port of Nagoya) and the Ise-Wangan Expressway. Greater Nagoya is strategically located in the central part of Japan and serves as a key hub for both the movement of people and goods, connecting Greater Tokyo and Greater Osaka. Its strategic position gives Greater Nagoya significant advantage in terms of transportation, logistics and access to both domestic and international markets.

The acquisition of ESR Kisosaki DC will increase E-LOG’s logistics assets in Japan from 3.7% to 8.9%, grant E-LOG exposure to the Nagoya logistics market to improve geographical diversification and network within Japan and augment E-LOG’s scalability in the quality Japan logistics market.

1 Includes a new tenant secured by ESR Japan in July 2024. ESR Japan is in advanced negotiations with another potential tenant which would further increase the occupancy to 93.2% and WALE to 2.8 years

As ESR Kisosaki DC is currently not at full occupancy as it is undergoing its first cycle of lease expiries and renewals, the Manager has negotiated for the net property income support from ESR Group for the benefit of E-LOG to mitigate potential leasing risks and provide income stability for the next 12 months following the completion of the acquisition for an amount of up to JPY400 million (approximately S$3.4 million). ESR Japan is in advanced negotiations with another potential tenant, which could further increase the occupancy to 93.2% and the WALE to 2.8 years.

**20 Tuas South Avenue 14, Singapore**

20TSA comprises a high-specifications manufacturing facility and ramp-up logistics warehouses which is Green Mark Platinum certified with modern specifications It sits on a total land area of 252,733 sqm, and has an occupancy of 99.7% and a WALE of 11.2 years as at 30 June 2024. 20TSA is a leasehold property with approximately 44 years remaining[2] as at 30 June 2024. The estimated acquisition outlay for the acquisition of 20TSA is approximately S$444.6 million.

20TSA is located in Tuas, which is situated in the Western region of Singapore which hosts the country's largest manufacturing hub. Under the Urban Redevelopment Authority's 2019 master plan, three new business sectors, namely Jurong Lake District, Jurong Innovation District and the Tuas Mega Port, will be created within this region. Given its close proximity to Tuas Mega Port, 20TSA is able to capture the in-built demand for both logistics space and warehousing space, including specialised storage such as cold storage and dangerous goods.

The acquisition of 20TSA provides stable income from the high-specifications space which is 100% leased to REC Solar as anchor tenant on a long-term lease of approximately 19 years with an option to renew for a further 20-year lease, providing long-term rent stability and sustained organic growth through annual contracted rent escalations averaging 1.15% p.a. going forward. Further, the multi-tenanted ramp up logistics warehouses are leased to high-quality blue-chip tenants such as Schneider Electric Asia Pte. Ltd., Maersk Logistics and Services Singapore Pte. Ltd. and DSV Solutions Pte. Ltd., with rental growth potential as the in-place rents are currently below market.

Notwithstanding 20TSA is operating at a stabilised occupancy of 99.7%, adverse movements in interest rates may result in lower net income to E-LOG. To address the above-mentioned situation, the Manager has negotiated for the vendors to provide an income support of up to approximately S$3.5 million for a period of 12 months after completion of the acquisition.

2 Lease term of 30 years from 22 June 2008 and a further term of 30 years from 22 June 2038 to be granted upon payment of land premium and there being no existing breach of the lease.

## Acquisition Rationale and Key Benefits

### 1. Acquisitions are "On-Strategy" to E-LOG

E-LOG's "4R Strategy" is focused on (i) ***Rejuvenating*** the asset portfolio, (ii) ***Recapitalising*** for growth (iii) ***Recycling*** of capital, and (iv) ***Reinforcing*** the Sponsor's commitment. Till date, the Manager has executed on (i) ***Rejuvenating*** the asset portfolio and (ii) ***Recapitalising*** for growth via the undertaking of AEIs and redevelopments, divestments of non-core assets and equity fund raising carried out in FY2023. The acquisitions will provide E-LOG the opportunity to (iii) ***Recycle*** its divestment proceeds into two "On-Strategy" New Economy assets, while (iv) ***Reinforcing*** the Sponsor's commitment to grow E-LOG into its flagship New Economy REIT. Given the relatively large size of the acquisitions, they will significantly ***Rejuvenate*** E-LOG's asset and earnings quality, improve its underlying land lease tenure, and grow E-LOG's DPU, accelerating E-LOG's transformation into a leading Asia Pacific New Economy REIT.

### 2. Acquisitions are expected to be +1.8% DPU accretive to Unitholders

The acquisitions are expected to be +1.8% DPU accretive to Unitholders and will result in a FY2023 pro forma Distribution per Unit ("**DPU**") of 2.609 cents, as compared to the actual FY2023 DPU of 2.564 cents. The acquisitions will result in a relatively stable pro forma Net Asset Value ("**NAV**") per Unit of 31.9 cents, as compared to the NAV per Unit of 32.0 cents as at 31 December 2023.

### 3. Japan and Singapore acquisitions are acquired at attractive NPI yields and at a 2.3% discount each to their respective average valuation

ESR Kisosaki DC is being acquired at an attractive 2.3% discount to its average valuation of JPY38,905 million[3] (approximately S$329.9 million), and an attractive price (approximately 5.9% lower than average market sales comparables of recent logistics asset sales in the same vicinity of Greater Nagoya) implying an NPI yield of 4.0%.

The agreed value of S$840.0 million for 20TSA on a 100% basis represents a 2.3% discount to the average valuation of S$859.4 million[4]. The acquisition of 20TSA represents a rare opportunity in Singapore for E-LOG to acquire a sizeable, modern and high-quality New Economy asset at a NPI yield of 6.1% with long remaining land lease tenure.

3 For more details on the Japan acquisition, please refer to paragraph 3 of E-LOG's announcement titled *"The Proposed Acquisition of (i) 100% Trust Beneficiary Interest in a logistics property located in Japan; and (ii) 51.0% interest in a facility located in Singapore"* dated 31 July 2024

4 For more details on the Singapore acquisition, please refer to paragraph 4 of E-LOG's announcement titled "*The Proposed Acquisition of (i) 100% Trust Beneficiary Interest in a logistics property located in Japan; and (ii) 51.0% interest in a facility located in Singapore"* dated 31 July 2024

## 4. Acquisitions demonstrate E-LOG's access to Sponsor's pipeline and strong support to grow E-LOG

E-LOG is backed by the Sponsor, ESR Group, APAC's number one real estate manager and the third largest listed real estate investment manager by assets under management globally (approximately US$156 billion). The acquisitions demonstrate E-LOG's ability is able to gain access to ESR Group's New Economy pipeline of high-quality logistics assets. The acquisitions will enhance E-LOG's positioning as the flagship New Economy REIT by leveraging on the Sponsor's capabilities and established network, validating the Sponsor's strong commitment to grow E-LOG into its flagship New Economy REIT.

In addition, the Sponsor has provided an irrevocable undertaking to procure the subscription of up to S$140.0 million for the Preferential Offering at an issue price of S$0.305, which is at a premium to the closing market price of S$0.275 as at 30 July 2024 and at the NAV per Unit of S$0.305 as at 30 June 2024. By agreeing to subscribe for Units at a premium to the market price, the Sponsor believes that the Units are currently undervalued, and the Sponsor's subscription further demonstrates its support for E-LOG and alignment of interest with Unitholders.

## 5. Acquisitions will improve E-LOG's Key Portfolio Metrics Significantly

The acquisitions will increase E-LOG's New Economy assets exposure and increase portfolio underlying land lease to mitigate land lease decay impact on valuations.

- Exposure to New Economy assets will increase from 63.1% to 70.0%
- Underlying land lease of E-LOG's Singapore portfolio and existing portfolio will be significantly enhanced from 29.0 years to 32.1 years and from 40.0 years to 44.3 years
- E-LOG's exposure to freehold and longer land lease assets will increase from 65.0% to 72.9%
- E-LOG's WALE would increase from 3.3 years to 4.4 years

E-LOG's portfolio will also pivot towards future-ready green assets. ESR Kisosaki DC has a CASBEE A Sustainability Rating, which is one of the highest functional standards for grading green buildings in Japan. The ramp-up warehouses at 20TSA are newly built and Green Mark Platinum certified. In addition, the Manager has secured green and sustainability-linked loans for the debt financing of 20TSA, which further demonstrates E-LOG's commitment to sustainability in conducting its business.

**Method of Financing**[5]

The Manager intends to fund the total acquisition outlay via (i) debt financing, (ii) LOGOS consideration units and (iii) a preferential offering of new units to existing Unitholders which is fully backstopped by the Sponsor ESR Group and Ivanhoe Cambridge by way of an irrevocable undertaking and the receipt of consideration units respectively. The Manager may also issue capital market instruments in lieu of the preferential offering to reduce the preferential offering size.

**Interested Person Transaction**

The acquisitions will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix. A circular will be issued to the Unitholders in due course, together with a notice of extraordinary general meeting ("**EGM**"), for the purpose of seeking the approval of Unitholders for the acquisitions.

5 For more details on the Method of Financing of the Acquisitions, please refer to paragraph 5 of E-LOG's announcement titled *"The Proposed Acquisition of (i) 100% Trust Beneficiary Interest in a logistics property located in Japan; and (ii) 51.0% interest in a facility located in Singapore" dated 31 July 2024*


*ESR Yatomi Kisosaki Distribution Centre, Nagoya, Japan*

*20 Tuas South Avenue 14, Singapore*

*-End-*

For media and analyst enquiries, please contact:

**ESR-LOGOS Funds Management (S) Limited**

**Lyn Ong**
Senior Manager,
Capital Markets and Investor Relations
Tel: +65 6222 3339
Email: lyn.ong@esr-logosreit.com.sg

**Sua Xiu Kai**
Manager,
Corporate Communications
Tel: +65 6222 3339
Email: xiukai.sua@esr-logosreit.com.sg

**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 30 June 2024, 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$5.0 billion. Its portfolio comprises 71 properties (excluding 48 Pandan Road held through a joint venture) located across the developed markets of Singapore (52 assets), Australia (18 assets) and Japan (1 asset), with a total gross floor area of approximately 2.1 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 Group is Asia-Pacific's leading New Economy real asset manager and one of the largest listed real estate investment managers globally. Our fully integrated fund management and development platform extends across Australia/New Zealand, Japan, South Korea, Greater China, Southeast Asia, and India, including a presence in Europe and the United States. We provide investors with a diverse range of real asset investment and development solutions across private and public investment vehicles. Our focus on New Economy real assets offers customers modern solutions for logistics, data centres, life sciences, infrastructure, and renewables. Our purpose, Space and Investment Solutions for a Sustainable Future, drives us to manage sustainably and impactfully for the communities where we operate and the spaces we develop to thrive for generations to come. ESR Group is listed on The Stock Exchange of Hong Kong (HKSE: 1821.HK). Visit www.esr.com for more information.

**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 news release 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 news release 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 news release 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.