

ARALOGOS

LOGISTICS TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 11 February 2010 as amended and restated)

Press Release

ARA LOGOS Logistics Trust's FY2021 Distributable Income Grows 19.6% Year-on-Year

Key Highlights:

- Delivered steady performance in FY2021, underpinned by defensive portfolio fundamentals
- FY2021 Gross Revenue and NPI grew 15.2% and 16.6% year-on-year (“y-o-y”) respectively
- Stable operational metrics driven by portfolio occupancy rate of 99.0% with a long weighted average lease expiry (“WALE”) of 4.4 years⁽¹⁾; successfully secured and renewed 203,956 sqm of leases in FY2021
- Received higher Scheme Consideration from ESR-REIT which reiterates ESR-REIT's keenness for a successful merger and confidence in the long-term merits of the Enlarged REIT

Financial Performance

In S\$'000 unless otherwise noted

	2H FY2021	2H FY2020	Change (%)	FY2021	FY2020	Change (%)
Gross Revenue	68,681	59,647	15.1	135,233	117,432	15.2
Net Property Income ("NPI")	53,474	46,069	16.1	104,889	89,990	16.6
Distributable Income available to Unitholders	35,799	31,509	13.6	70,373	58,828	19.6
Distributable amount declared to Unitholders	35,799	33,509 ⁽²⁾	6.8	70,373	58,828	19.6
Distribution per Unit ("DPU") (cents)	2.464	2.927	(15.8)	5.034	5.250	(4.1)
No. of Units in issue and to be issued (mil)	1,452.9 ⁽³⁾	1,278.1 ⁽⁴⁾	13.7	1,452.9 ⁽³⁾	1,278.1 ⁽⁴⁾	13.7

Singapore, 25 January 2022 – ARA LOGOS Logistics Trust Management Limited, the manager (the “**Manager**”) of ARA LOGOS Logistics Trust (“**ALOG**”), is pleased to announce ALOG's results for the period

¹ By Gross Rental Income (“**GRI**”).

² Distributable amount declared to Unitholders for 2H FY2020 of S\$33.5 million includes distributable income available of S\$31.5 million for 2H FY2020 and the release of the distributable income of S\$2.0 million which were previously retained in 1Q FY2020. .

³ Comprises outstanding units issued as at 31 December 2021 of 1,452,179,433 Units and 691,439 new units issued on 12 January 2022 as payment for the acquisition fee of S\$0.61 million in relation to the acquisition of the development asset at Corner Heron Drive and Curlew Street, Port of Brisbane, Queensland. The acquisition was completed on 11 January 2022.

⁴ Comprises units in issue and to be issued as at 31 December 2020 of 1,186,965,979 Units and 91,112,930 new units issued on 25 January 2021 pursuant to the preferential offering.

1 July 2021 to 31 December 2021 (“**2H FY2021**”) and the financial year ended 31 December 2021 (“**FY2021**”). The distribution per unit (“**DPU**”) for 2H FY2021 and FY2021 was 2.464 cents and 5.034 cents respectively.

Year-on-year (“**y-o-y**”), ALOG’s FY2021 Gross Revenue and NPI saw an increase of 15.2% and 16.6% to S\$135.2 million and S\$104.9 million respectively as compared to S\$117.4 million and S\$90.0 million in FY2020. This steady performance was mainly due to incremental contribution from the completed Australian portfolio acquisition in April 2021 and stronger overall portfolio performance. This was however partially offset by the divestments of Kidman Park in Australia and ALOG Changi DistriCentre 2 in Singapore. Distributable income in FY2021 declared to Unitholders was also 19.6% higher at S\$70.4 million as compared to S\$58.8 million in FY2020. DPU in FY2021 was however lower at 5.034 cents as compared to 5.250 cents in FY2020 on the back of an enlarged unit base, following the equity raised for the maiden Australian portfolio acquisition⁽⁵⁾ from its Sponsor, LOGOS, and the effect of the Manager receiving 100% of the 4Q FY2021 base management fee and FY2021 performance fee in cash⁽⁶⁾.

For 2H FY2021, Gross Revenue and NPI for rose by 15.1% and 16.1% y-o-y to S\$68.7 million and S\$53.5 million respectively. Similarly, distributable amount declared to Unitholders in 2H FY2021 also rose 6.8% y-o-y to S\$35.8 million as compared to S\$33.5 million in 2H FY2020. 2H FY2021 DPU was however lower by 15.8% y-o-y to 2.464 cents on the back of an enlarged unit base, following the equity raised for the maiden Australian portfolio acquisition⁽⁵⁾ from its Sponsor, LOGOS, and the effect of the Manager receiving 100% of the 4Q FY2021 base management fee and FY2021 performance fee in cash⁽⁶⁾ as well as the release of the distributable income of S\$2.0 million in 2H FY2020 which was previously retained in 1Q FY2020.

Chief Executive Officer of the Manager, Ms Karen Lee commented: “ALOG has achieved several milestones during the year. This includes the completion of an Australian portfolio acquisition from ALOG’s Sponsor, LOGOS, the commencement of asset enhancement initiatives across several Singapore properties, launching our inaugural sustainability-linked swap, and subsequently ALOG’s inclusion in the FTSE EPRA Nareit Global Developed Index. We have continued to deliver a stable and resilient performance for ALOG to our Unitholders in FY2021, with a 15.2% and 16.6% increase y-o-y in Gross Revenue and NPI respectively, despite the ongoing pandemic. This has continued to reflect the portfolio’s resiliency and further solidifies the foundation for ALOG for its next stage of growth trajectory.”

⁵ For more information, please refer to the SGX announcement dated 16 April 2021.

⁶ ALOG’s distribution income is lower mainly due to the Manager receiving their base management and performance fees in cash in 4Q FY2021. The Manager has always elected to partially receive these fees in units in the past. However, due to the ongoing merger and existence of a Prescribed Occurrence in the Implementation Agreement prohibiting such unit issuance (refer to Appendix M of the Scheme Document dated 5 January 2022), the Manager could only receive the base management and performance fees in units after 3Q FY2021 and before the expiry of the Implementation Agreement. As a result, the taxable income component of ALOG’s distribution for 2H FY2021 is lower by S\$3.0 million.

Prudent Capital Management Strategy

As at 31 December 2021, ALOG's aggregate leverage was at 39.5%⁽⁷⁾. All-in financing costs have also reduced to 2.77% in FY2021 as compared to 3.22% in FY2020, on the back of lower interest rates on new borrowings obtained during the year. Debt maturity profile remains well-spread with weighted average tenure of debt expiry at 2.9 years. ALOG's trailing 12-month interest coverage ratio was 4.7 times as at 31 December 2021⁽⁸⁾. ALOG's balance sheet continues to be healthy with sufficient debt headroom for future growth.

On interest rate and foreign exchange exposure, approximately 66.7% of ALOG's borrowings are hedged into fixed interest rates and 83.1% of ALOG's distributable income were either derived in or hedged to Singapore dollars. This is in line with our prudent and disciplined capital management strategy.

Portfolio Update

As at 31 December 2021, ALOG's committed occupancy was at 99.0% with 203,956 square metres of leases⁽⁹⁾ successfully secured and renewed during the year, achieving a positive rental reversion rate of 3.1%. ALOG's portfolio WALE by GRI is at 4.4 years, providing long-term stability in cash flow.

During the year, ALOG successfully executed its Portfolio Rebalancing and Growth Strategy, with the completion of the S\$404 million Australian portfolio acquisition from its Sponsor, LOGOS, and the divestment of two lower-performing non-core assets with older specifications⁽⁹⁾. On 11 January 2022, ALOG also announced the completion of the acquisition of a cold storage facility at 21 Curlew Street, Port of Brisbane ("**Heron Property**")⁽¹⁰⁾, following its development completion⁽¹¹⁾.

Update on the Proposed Merger with ESR-REIT

On 22 January 2022, the Managers of ALOG and ESR-REIT entered into a supplemental letter amending and restating the Implementation Agreement. This Revised Scheme Consideration by ESR-REIT represents an increase of 2.1% in cash consideration and 5.8% in consideration units for ALOG Unitholders. Based on ESR-REIT's 1-month VWAP, the implied value of the Scheme Consideration is S\$0.933, which represents an increase of 5.3% when compared to the original Scheme Consideration on a like-for-like basis. This also represents a 37.6% premium to ALOG's NAV which is the highest premium paid for any precedent S-REIT merger and S-REIT privatisations and reflects the high quality of ALOG's logistics assets⁽¹²⁾.

Ms Lee continued: "The revised offer from ESR-REIT to ALOG's Unitholders has further enhanced the attractiveness of the proposal and we continue to be confident in the merits of the combination of two best-in-class platforms. With a sizeable and stronger platform, we are excited about the significant opportunities

⁷ Aggregate Leverage and ICR have been computed in accordance with the MAS Circular dated 28 December 2021 where MAS clarified exclusion of land lease liabilities from computation of REITs' aggregate leverage and exclusion of interest expense on lease liabilities from computation of ICR and adjusted-ICR.

⁸ Excluding short-term leases executed.

⁹ Kidman Park in Australia and ALOG Changi DistriCentre 2 in Singapore.

¹⁰ Formerly known as Corner Heron Drive and Curlew Street, Port of Brisbane, Queensland.

¹¹ Please refer to the SGX announcement dated 11 January 2022 for more information on the acquisition completion.

¹² Please refer to SGX announcement dated 22 January 2022 for more information.

it offers to accelerate inorganic and organic growth in the New Economy sector. While being able to crystallise part of their returns in cash, Unitholders would also be able to be part of an enlarged platform that is well-positioned for growth. We look forward to our Unitholders joining us on this exciting new chapter ahead.”

Outlook

In a report by the Ministry of Trade and Industry (“**MTI**”), Singapore’s GDP grew 5.9% on a year-on-year basis in 4Q 2021, a moderation from the 7.1% growth in 3Q 2021. On a quarter-on-quarter seasonally-adjusted basis, Singapore’s GDP expanded by 2.6% in 4Q 2021, higher than the 1.2% growth in the previous quarter. In 2021 as a whole, Singapore’s economy expanded by 7.2%, as compared to the 5.4% contraction in 2020⁽¹³⁾.

According to Knight Frank Research, growth in the industrial sector is expected to continue in 2022, driven mainly by factors such as end-users planning for their expansion activities. This healthy demand and expansion activities in the industrial sector is expected to continue to support rent and price increase of between 3% and 5% for the whole of 2022⁽¹⁴⁾.

In a statement by the Reserve Bank of Australia (“**RBA**”), the Australian economy has seen a rebound from the setback caused by the Delta variant outbreak, supported by high vaccination rates and substantial policy support. While the emergence of the Omicron strain may pose some uncertainties, it is not expected to hinder the economy’s recovery. The economy is expected to return to its pre-Delta levels in the 1H 2022. The RBA will continue to maintain highly supportive monetary conditions to achieve its objectives of the return to full employment status and an inflation rate that is consistent with its target. The cash rate will also not see an increase until actual inflation is sustainably maintained within the 2.0 to 3.0% target range⁽¹⁵⁾.

According to Dexus Research, the industrial sector outlook in Australia continued to see strong activity in 2H 2021. With the lockdown of Australia’s two largest cities, Sydney and Melbourne, the logistics sector has experienced even stronger demand. Online sales have also recorded a 31.0% growth in 4Q 2021. In terms of leasing activity, the logistics sector has remained the largest category, accounting for approximately 35.0% of national take-up for the year to date. In addition, the competition from companies seeking prime and well-located assets and combined with low market vacancy rates, have continually driven rents higher⁽¹⁶⁾.

Looking ahead, ALOG’s portfolio has continued to remain resilient. Supported by a healthy balance sheet and financial flexibility, ALOG is also well-positioned for future growth. The Manager will continue its disciplined approach towards managing the portfolio, with a view to deliver long-term sustainable returns and value for its Unitholders.

¹³ Ministry of Trade and Industry, Press Release, Singapore’s GDP Grew by 5.9 Per Cent in the Fourth Quarter of 2021 and by 7.2 Per Cent in 2021, 3 January 2022.

¹⁴ Knight Frank Research, A Stable Industrial Sector Supported Recovery in 2021, Industrial, 4Q 2021.

¹⁵ Statement by Philip Lowe, Governor: Monetary Policy Decision, 7 December 2021.

¹⁶ Dexus Research, Australian Real Estate Quarterly Review, 4Q 2021.



Distribution to Unitholders

ALOG will pay a distribution of 1.135 cents per unit for the period 1 October 2021 to 31 December 2021 on 28 February 2022. The books closure date for determining Unitholders' entitlement to the distribution is on 7 February 2022. ALOG Unitholders shall have the right to receive and retain this distribution in addition to the Revised Scheme Consideration.

<END>

RESPONSIBILITY STATEMENT

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

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including the announcement dated 4 August 2021 released by ESR Cayman Limited in relation to the merger between ESR Cayman Limited and ARA Asset Management) or obtained from a named source (including ESR-REIT and/or the ESR-REIT Manager), the sole responsibility of the directors of the ALOG 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 press release. The directors of the ALOG Manager do not accept any responsibility for any information relating to ESR-REIT and/or the ESR-REIT Manager or any opinion expressed by ESR-REIT and/or the ESR-REIT Manager.



ABOUT ARA LOGOS LOGISTICS TRUST (“ALOG”)

Listed on the Singapore Exchange on 12 April 2010, ARA LOGOS Logistics Trust (“**ALOG**”) is a real estate investment trust (“**REIT**”) that invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets in the Asia Pacific. ALOG is managed by ARA LOGOS Logistics Trust Management Limited.

As at 31 December 2021, ALOG’s portfolio comprises 30 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia as well as 49.5% and 40.0% stakes in the New LAIVS Trust and Oxford Property Fund respectively. The portfolio has a total gross floor area of approximately 1.0 million square metres and is valued at approximately S\$1.8 billion⁽¹⁷⁾.

For more information, please visit <https://www.aralogos-reit.com>.

ABOUT ARA LOGOS LOGISTICS TRUST MANAGEMENT LIMITED

ALOG is managed by ARA LOGOS Logistics Trust Management Limited (the “**Manager**”), a wholly-owned subsidiary of LOGOS and ARA Asset Management Limited (“**ARA**”).

LOGOS is a dynamic and growing logistics specialist with operations across 9 countries in Asia Pacific. LOGOS’ shareholders comprise ESR Group and its Founders, John Marsh and Trent Iliffe. LOGOS has circa 9.1 million sqm of property owned and under development, with a total assets under management (“**AUM**”) of over US\$19.6 billion, across 31 ventures, including ALOG. As a vertically integrated business, LOGOS manages every aspect of logistics real estate, from sourcing land or facilities, to undertaking development and asset management, on behalf of some of the world’s leading global real estate investors.

ARA is part of the ESR Group (the “**Group**”), 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 AUM, our 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. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. With 14 listed REITs managed by the Group and its associates, ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – *Space and Investment Solutions for a Sustainable Future* – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our 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, please visit <https://www.esr.com>, <https://www.ara-group.com> and <https://www.logosproperty.com>.

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IMPORTANT NOTICE

The value of units in ALOG (“**Units**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, ARA LOGOS Logistics Trust Management Limited (as the manager of ALOG) (the “**Manager**”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

¹⁷ Portfolio value includes ALOG’s 49.5% and 40.0% stakes in the New LAIVS Trust and Oxford Property Fund respectively. Excludes the Heron Property as the acquisition of the Heron Property was only completed on 11 January 2022.



Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of ALOG is not necessarily indicative of the future performance of ALOG.