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## **ESR CAYMAN LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1821)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO INVESTMENT AND SALE OF INTEREST IN ESR AUSTRALIA LOGISTICS PARTNERSHIP**

#### **A. INTRODUCTION**

Reference is made to the Company's announcement dated 27 March 2020 (the "**Previous Announcement**") in relation to the investment and the sale of an interest in ESR Australia Logistics Partnership.

In the Previous Announcement, the Board announced that on 26 March 2020:

- (a) ESR Investment Management 1 (Australia) Pty Limited ("**ESRIM1**") (as trustee of ESR Australia Logistics Partnership), ESR Investment Management 2 (Australia) Pty Limited ("**ESRIM2**") (as trustee of ESR Co-Invest Trust) and One Funds Management Pty Limited ("**ESR Subscriber**") (as trustee of ESR Queensland Hold Trust) and a global institutional investor (the "**Investor**") entered into a commitment deed (the "**Investor Commitment Deed**") and ESRIM2, ESR Subscriber and the Investor entered into a unit sale agreement (the "**Unit Sale Agreement**");
- (b) ESRIM1, ESRIM2 and ESR Subscriber entered into a commitment deed (the "**ESR Commitment Deed**"); and
- (c) ESRIM1 (as trustee of the ESR Australia Logistics Fund) (the "**Grantor**"), ESRIM1 (as trustee of ESR Australia Logistics Partnership) (the "**Grantee**") and ESRIM2 (as trustee of the Lot 4 Perry Road Trust) entered into a call option agreement (the "**Call Option Agreement**") pursuant to which the Grantor granted to the Grantee an option for the Grantee to purchase all of the units in Lot 4 Perry Road Trust (the "**Call Option**", together with the Investor Commitment Deed, the Unit Sale Agreement and the ESR Commitment Deed, the "**Agreements**").

As at the dates of the Previous Announcement and this announcement, the Company indirectly holds approximately 92% of the units in ESR Co-Invest Trust, which holds 100% of the units of ESR Australia Logistics Fund, which in turn holds 100% of the units of Lot 4 Perry Road Trust and indirectly (through ESR Queensland Hold Trust) holds 100% of the units in ESR Australia Logistics Partnership.

The Investor is Empire Trust 2 with Ausco Sargon 2 Pty Ltd acting as its trustee. The Investor is wholly-owned by GIC (Realty) Private Limited, whose primary business is to hold real estate investments of the GIC group. GIC is a global investment firm established in 1981 to manage Singapore's foreign reserves.

## **B. THE AGREEMENTS AND THE LAUNCH OF ESR AUSTRALIA LOGISTICS PARTNERSHIP**

### **Launch of New Core-Plus Logistics Partnership**

As disclosed in the Previous Announcement, ESR Australia Logistics Partnership is being launched as a new core-plus logistics partnership with investments being made by the Investor and the Group as follows:

- (a) pursuant to the Investor Commitment Deed, the Investor agreed to a capital commitment in the total amount of A\$450 million to ESR Australia Logistics Partnership, which would give the Investor a 45% interest in the units of such partnership (the “Units”). The initial capital commitment under the Investor Commitment Deed would be satisfied by the Investor acquiring 45% of the Units held indirectly by ESR Co-Invest Trust for a total consideration of A\$148.3 million pursuant to the Unit Sale Agreement; and
- (b) pursuant to the ESR Commitment Deed, ESR Co-Invest Trust agreed to a capital commitment in the total amount of A\$1,000 million to ESR Australia Logistics Partnership, of which A\$670.5 million remained uncalled. Such capital commitment and uncalled capital amount will be reduced as further explained below.

The Investor's commitment is expected to be funded by its internal resources.

As disclosed in the Previous Announcement, when further capital commitment calls are made by ESRIM1 (as trustee of ESR Australia Logistics Partnership) in accordance with the trust deed constituting ESR Australia Logistics Partnership, such capital commitment calls will be satisfied by the Investor and ESR Co-Invest Trust subscribing for new Units in ESR Australia Logistics Partnership in proportion to their respective interests in such partnership.

## **The Group's Commitment to, and Management of, ESR Australia Logistics Partnership**

Under the ESR Commitment Deed and the trust deed constituting ESR Australia Logistics Partnership, ESR Co-Invest may transfer Units held by it to other investors (provided the Group holds at least 10% of the Units), following which the capital commitment and the uncalled amount of ESR Co-Invest Trust will be reduced accordingly. Therefore, upon the completion of the Unit Sale Agreement, ESR Co-Invest Trust's interest in ESR Australia Logistics Partnership will be reduced to 55% and correspondingly, its capital commitment will be reduced to A\$550 million and its uncalled capital will be reduced to A\$368.8 million. The Group may and intends to further reduce its interests in ESR Australia Logistics Partnership to 10% by syndicating its interests to other investors, which will further reduce its capital commitment and uncalled capital proportionately.

Following the completion of the Agreements, the Group will continue to manage ESR Australia Logistics Partnership and its underlying assets on behalf of the investors and earn management fee income. As the manager of ESR Australia Logistics Partnership, the Group will identify prospective investments meeting the investment objectives of ESR Australia Logistics Partnership. ESRIM1 (as trustee of ESR Australia Logistics Partnership) will issue capital commitment calls to the Investor, ESR Co-Invest Trust and any future investors, as committed investors, for all or a portion of their uncalled capital amount to finance such investments. The committed investors will pay the amounts called to ESR Australia Logistics Partnership as directed by ESRIM1.

## **The Call Option Agreement**

Pursuant to the Call Option Agreement, the Grantor granted to the Grantee the Call Option at an exercise price of A\$17.92 million (the "**Exercise Price**"). The Call Option Agreement is conditional upon the satisfaction of foreign investment controls and consent from financiers under an existing facility agreement (the "**Option CPs**"). The Call Option is exercisable commencing on the later of the satisfaction of the Option CPs and the Investor becoming a registered holder of Units under the Unit Sale Agreement and expires on 30 June 2020 (or such later date as agreed between the parties). The Exercise Price was determined by reference to the net asset value of Lot 4 Perry Road Trust.

As it is the intention of the parties that the Call Option will be exercised following the completion of the transaction under the Unit Sale Agreement such that Lot 4 Perry Road Trust will be part of ESR Australia Logistics Partnership, and Lot 4 Perry Road Trust has been taken into account in arriving at the consideration payable by the Investor under the Unit Sale Agreement:

- (a) under the Unit Sale Agreement, the ESRIM1 (as trustee of ESR Australia Logistics Partnership and also Grantee under the Call Option Agreement) must exercise the Call Option if so directed by the Investor; and

- (b) on completion of the transaction under the Unit Sale Agreement, ESRIM2 (as trustee of ESR Co-Invest Trust) will ensure that ESRIM1 (as trustee of ESR Australia Logistics Partnership) holds an executed promissory note for an amount equal to the Exercise Price, the face value of which will be paid to ESRIM1 if the Call Option lapses.

ESR Australia Logistics Partnership is seeded with 20 income-producing assets and 19.4 ha of land. The Call Option Agreement, if exercised, will result in the further disposal of the income-producing asset held by Lot 4 Perry Road Trust to ESR Australia Logistics Partnership as an additional seed asset, which is consistent with the reasons for and benefits of the overall transaction as further explained below.

### **Reasons for, and Benefits of, the Agreements**

As disclosed in the Previous Announcement, ESRIM1 (as trustee of ESR Australia Logistics Partnership) holds 20 income-producing assets and 19.4 ha of land. ESRIM2 (as trustee of Lot 4 Perry Road Trust) holds one income-producing asset. Such assets are currently held on the Group's balance sheet. Following the completion of the transactions under the Investor Commitment Deed, the Unit Sale Agreement, the ESR Commitment Deed and the Call Option Agreement (if exercised), the Group will continue to maintain an interest in the assets through its fund interest and will collect recurring fees through managing the fund.

The transactions under the Agreements, which in aggregate establishes ESR Australia Logistics Partnership as a new core-plus logistics partnership, are therefore in line with the Group's capital recycling strategy of disposing stabilised assets to core/core-plus funds and investment vehicles the Group manages and will allow the Group to realise development profits for use for future projects.

By order of the Board  
**ESR Cayman Limited**  
**Jinchu Shen**  
*Director*

Hong Kong, 2 April 2020

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen, Mr. Stuart Gibson and Mr. Charles Alexander Portes as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Joseph Raymond Gagnon, Mr. Zhenhui Wang and Mr. Ho Jeong Lee as Non-executive Directors, Mr. Brett Harold Krause, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald, Ms. Jingsheng Liu and Mr. Robin Tom Holdsworth as Independent Non-executive Directors.*