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ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF HIGASHI OGISHIMA SITE A

On 25 November 2020, RW Higashi Ogishima TMK (the “**Seller**”), as seller, and Tanto TMK (the “**Purchaser**”), as purchaser, entered into an agreement (the “**Transfer Agreement**”) for the transfer of the entire beneficial interest in the Trust (the “**Disposal**”). Higashi Ogishima Site A forms the principal trust property of the Trust. As of the date of this announcement, the Seller is the sole beneficiary of the Trust.

The Seller is a 70%-owned indirect subsidiary of the Company. The Purchaser was established as an investment vehicle of RJLF III, a fund managed by the Group, and is wholly owned by RW HO A Pte. Ltd as of the date of this Announcement. Prior to the completion of the Disposal, ESR Investor 3 (Cayman), Ltd., a wholly-owned subsidiary of the Company, will, together with two other RJLF III Investors (as defined below), invest in RW HO A Pte. Ltd.. ESR Investor 3 (Cayman), Ltd. will subscribe for shares in RW HO A Pte. Ltd. representing approximately 14.3% of the total issued shares of RW HO A Pte. Ltd (the “**Subscription**”) for a subscription price of JPY2,402,543,000. The proceeds of the Subscription and the subscription proceeds received from the other RJLF III Investors will be used by RW Ho A Pte. Ltd to capitalise the Purchaser for the purposes of paying the consideration under the Transfer Agreement. The Group acts as the asset manager of the Purchaser.

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Transfer Agreement is subject to the notification and announcement requirements, but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules. The Subscription does not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

1. INTRODUCTION

On 25 November 2020, RW Higashi Ogishima TMK, as seller, and Tanto TMK, as purchaser, entered into the Transfer Agreement for the transfer of the entire beneficial interest in the Trust on the terms as further described below.

2. THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are set out below:

(a) Sale and Purchase of the Beneficial Interest in the Trust

Pursuant to the Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the entire beneficial interest in the Trust for a consideration of JPY28,450,000,000 (the “**Consideration**”). The Consideration was determined by reference to the expected returns for Tokyo logistics development projects and comparable land prices. The Consideration is payable upon the completion of the Disposal and will be funded by the capital commitments received by RW HO A Pte. Ltd., the sole beneficial owner of the Purchaser, as further described in “*The Subscription*” below.

Higashi Ogishima Site A forms the principal trust property of the Trust.

(b) Conditions Precedent

The completion of the Transfer Agreement is conditional upon the satisfaction of certain conditions, including approval by the trustee of the Trust of the assignment of the beneficial interest in the Trust from the Seller to the Purchaser and clearance from the relevant competition authorities to be obtained by the RJLF III Investors. Subject to the satisfaction or waiver of the conditions, the Disposal under the Transfer Agreement is expected to be completed on or around 8 December 2020.

3. THE SUBSCRIPTION

RW HO A Pte. Ltd., the sole beneficial owner of the Purchaser, was established as an investment vehicle of RJLF III (a fund managed by the Group) and is wholly owned by APG Strategic Real Estate Pool N.V. as of the date of this announcement. Prior to the completion of the Disposal, ESR Investor 3 (Cayman), Ltd., a wholly-owned subsidiary of the Company, will, together with two other RJLF III Investors, invest in RW HO A Pte. Ltd..

ESR Investor 3 (Cayman), Ltd. will subscribe for shares in RW HO A Pte. Ltd. equivalent to 14.3% of the total issued shares of RW HO A Pte. Ltd. (the “**Subscription**”) pursuant to a shareholders agreement dated 27 October 2020 and amended and restated on 12 November 2020 with respect to RW HO A Pte. Ltd. (the “**SHA**”). The proceeds of the Subscription and the subscription proceeds received from the other RJLF III Investors will be used to capitalise the Purchaser for the purposes of paying the Consideration. The SHA and the Subscription do not constitute a discloseable transaction under Chapter 14 of the Listing Rules.

4. REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The disposal of the beneficial interest in the Trust and Higashi Ogishima Site A pursuant to the Transfer Agreement will allow the Group to realise gains on disposal and is in line with the Group's capital recycling strategy of transferring balance sheet assets into funds and investment vehicles it manages and co-invests in. Following the completion of the Disposal, the Group will continue to maintain an indirect interest in the Trust and Higashi Ogishima Site A through its minority interest in the Purchaser and will receive development fees and recurring fees through managing the fund.

The Directors, having regard to the reasons and benefits of entering into the Transfer Agreement referred to above, consider that the terms of the Transfer Agreement to be fair and reasonable and in the interests of the shareholders of the Company as a whole.

5. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Transfer Agreement is subject to the notification and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

6. INFORMATION ON THE TRUST AND HIGASHI OGISHIMA SITE A

The Trust was established on 30 June 2016. Higashi Ogishima Site A forms the principal trust property of the Trust and has a book value of JPY26.5 billion as of 31 October 2020. Higashi Ogishima Site A is a warehouse property which comprises four buildings with a total gross floor area of 592.65 square meters.

Based on the unaudited financial statements of the Seller prepared in accordance with Japanese Generally Accepted Accounting Principles, aligned to International Financial Reporting Standards, the unaudited net profits attributable to the Trust (including Higashi Ogishima Site A as the principal trust property) before and after taxation and extraordinary items for the financial years ended 31 December 2018 and 31 December 2019 are:

	For the financial year ended 31 December 2018	For the financial year ended 31 December 2019
Net profit/(loss) before taxation and extraordinary items	JPY4.4 billion	JPY2.2 billion
Net profit/(loss) after taxation and extraordinary items	JPY4.4 billion	JPY2.2 billion

The sale proceeds to be received by the Group pursuant to the Transfer Agreement will predominately be used as capital return to the Group. Based on the difference between Consideration and book value as at 31 October 2020, the Group expects to recognise gain on disposal of approximately JPY2.0 billion, gross of applicable tax expenses, in connection with the Disposal.

7. INFORMATION ON THE PURCHASER

The Purchaser was established as an investment vehicle of RJLF III, an investment fund. The Group is the asset manager of RJLF III and has a co-investment interest in RJLF III. As of the date of this announcement, the Purchaser is wholly-owned by RW HO A Pte. Ltd., which is in turn wholly-owned by APG Strategic Real Estate Pool N.V. (“**APG**”). Upon the completion of the Subscription, RW HO A Pte. Ltd. will be held as to 14.3% by the Group, and the remainder by APG and a wholly-owned subsidiary of GIC (Realty) Private Limited (together with ESR Investor 3 (Cayman), Ltd. and APG, the “**RJLF III Investors**”).

APG is a wholly-owned subsidiary of Stichting Depositary APG Strategic Real Estate Pool (the “**Depositary**”) as depositary of APG Strategic Real Estate Pool (“**Pool**”). The Pool is a fund formed for the purpose of collective investments by its participants, all being Dutch pension funds. The Pool is established as a fund for joint account (fonds voor gemene rekening) under Dutch laws. It is not a legal entity but a contractual arrangement between the Depositary, APG Asset Management N.V. as its manager, and its participants which invest in it through subscribing an interest in it. As at the date of this announcement, the Depositary holds approximately 6.90% of the shares of the Company. GIC (Realty) Private Limited’s 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.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save for the Group’s indirect minority interest in the Purchaser upon the completion of the Subscription, the Purchaser and its other ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

8. INFORMATION ON THE GROUP

The Group is the largest Asia-Pacific logistics real estate group by gross floor area and by value of the assets owned directly and by the funds and investment vehicles it manages. The Group’s platform spans across the People’s Republic of China, Japan, South Korea, Singapore, Australia and India.

9. GENERAL

As completion of the transaction under the Transfer Agreement are conditional upon the satisfaction of the conditions, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

10. DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	ESR Cayman Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821)
“Director”	a director of the Company
“Group”	the Company and its subsidiaries
“Higashi Ogishima Site A”	a property situated at 21 Higashiogishima, Kawasaki-ku, Kawasaki-shi, Kanagawa-ken, 210-0869, Japan with a total site area of 77,723.49 square meters and the buildings (including related equipment) thereon
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“RJLF III”	an investment fund the Group manages, further details of which are set out in the prospectus of the Company dated 22 October 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trust”

a real estate trust established pursuant to a trust deed dated 30 June 2016 with Mitsubishi UFJ Trust and Banking Corporation as trustee

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 26 November 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. 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.