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ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

DISCLOSEABLE TRANSACTIONS IN RELATION TO THE ACQUISITION OF PROPERTY PORTFOLIO AND PROPERTY MANAGEMENT COMPANY IN AUSTRALIA

The Board of Directors of the Company announces that on 17 April 2021, ESR Real Estate (Australia) Pty Limited (“**ESR Australia**”), a subsidiary of the Company, and the Co-Investor have entered into a binding agreement (“**Procurement Deed**”) with the Property Vendors and the Opco Vendor which provides that, subject to merger clearance approval in South Korea and China (the “**Regulatory Conditions**”), Bidco, as trustee for the ESR Milestone Partnership in which the Company has an indirect 20% interest, will enter into unit sale agreements (the “**Property USAs**”) with the Property Vendors for the acquisition of the Property Portfolio (the “**Property Acquisition**”). The Property USAs are subject to merger clearance approval in other relevant jurisdictions and to Foreign Investment Review Board approval in Australia (the “**Further Regulatory Conditions**”).

The Group and the Co-Investor will co-invest in the Property Portfolio by funding the acquisition of the Property Portfolio by Bidco (as trustee for the ESR Milestone Partnership) in proportion to their respective interests in the ESR Milestone Partnership. The Group will fund 20% of the consideration of the acquisition of the Property Portfolio and related costs.

In connection with the Property Acquisition, the Procurement Deed further provides that ESR Purchaser, a subsidiary of the Company, will enter into a share sale agreement (the “**Opco SSA**”) with the Opco Vendor for the acquisition of all issued shares of Opco (the “**Opco Acquisition**”), which provides support and trustee services to the Property Portfolio. The Opco SSA and the Property USAs will be entered into at the same time.

The completion of the Property Acquisition and the completion of the Opco Acquisition are interdependent.

As the highest applicable percentage ratio in respect of the ESR Co-Investment (as defined below) and the Opco Acquisition in aggregate exceeds 5% but is less than 25%, the ESR Co-Investment and the Opco Acquisition constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. Accordingly, the ESR Co-Investment and the Opco Acquisition are subject to the notification and announcement requirements, but are exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board announces that on 17 April 2021, ESR Australia, a subsidiary of the Company, and the Co-Investor have entered into a Procurement Deed with the Property Vendors and the Opco Vendor which provides that, subject to merger clearance approval in South Korea and China, Bidco, as trustee for the ESR Milestone Partnership in which the Company has an indirect 20% interest, will enter into the Property USAs with the Property Vendors for the acquisition of the Property Portfolio.

In connection with the Property Acquisition, on 17 April 2021, the Procurement Deed further provides that ESR Purchaser, a subsidiary of the Company, will enter into the Opco SSA with the Opco Vendor for the acquisition of all issued shares of Opco, which provides support and trustee services to the Property Portfolio.

2. THE TRANSACTIONS

(a) Details of the Procurement Deed

Pursuant to the Procurement Deed, ESR Australia (a subsidiary of the Company) and the Co-Investor each severally undertakes to use reasonable endeavours to procure the satisfaction of the Regulatory Conditions. Upon the satisfaction of the Regulatory Conditions, the Property USAs between Bidco and the Property Vendors for the Property Acquisition and the Opco SSA between the ESR Purchaser and the Opco Vendor for the Opco Acquisition will be entered into.

(b) Details of the Property Acquisition

Pursuant to the Procurement Deed, Bidco, as trustee for the ESR Milestone Partnership, will enter into the Property USAs to purchase the Property Portfolio and certain intangible assets from the Property Vendors.

The Property Portfolio comprises unit trusts holding 45 industrial and logistics real estate assets in Australia with an aggregate land area of 3.6m square meters and building gross leasable area of 1.4m square meters.

(c) Details of the Opco Acquisition

Pursuant to the Procurement Deed, ESR Purchaser will enter into the Opco SSA to purchase all issued shares of Opco from the Opco Vendor. Opco provides support and trustee services to the Property Portfolio.

(d) Consideration and Payment

The Group and the Co-Investor will co-invest in the Property Portfolio by funding the acquisition of the Property Portfolio by Bidco (as trustee for the ESR Milestone Partnership) in proportion to their respective interests in the ESR Milestone Partnership. The Group will fund A\$753 million (being 20% of the consideration for the Property Portfolio and related costs) to Bidco (the “**ESR Co-Investment**”). The consideration payable by Bidco for the Property Acquisition was determined by reference to the valuation of the Property Portfolio assets and intangibles.

A deposit of 7% of the consideration for the Property Portfolio is payable by Bidco to the Property Vendors on entering into the Property USAs, with the balance of the Property Consideration payable on completion of the Property Acquisition.

The consideration of A\$13 million payable by ESR Purchaser for the Opco Acquisition was determined by reference to the unaudited net asset value of the Opco. Pursuant to the terms of the Opco SSA, a deposit of 10% of the consideration for Opco is payable on entering into the Opco SSA, with the balance payable on completion of the Opco Acquisition.

If the Procurement Deed is terminated due to a breach of the Procurement Deed by ESR Australia and the Co-Investor, the Property Vendors and the Opco Vendor will be entitled to the payment of such deposits as described above.

The ESR Co-Investment and the consideration for the Opco Acquisition are expected to be funded by internal resources.

(e) Conditions Precedent

The completion of the Procurement Deed is conditional on the satisfaction of the Regulatory Conditions. The completion of the Property Acquisition and the Opco Acquisition are conditional on the satisfaction of the Further Regulatory Conditions, and (with respect to leasehold land) consent of the relevant landlord.

Subject to the satisfaction of the mandatory conditions, completion of the Property Acquisition and the Opco Acquisition is expected to take place no later than 17 October 2021.

3. REASONS FOR, AND BENEFITS OF, THE PROPERTY ACQUISITION AND THE OPCO ACQUISITION

The Property Portfolio is the largest logistics portfolio ever put to market in Australia. The Property Acquisition will increase the AUM and scale of the Australian business to US\$6.0 billion. The ESR Co-Investment in the Property Portfolio will increase the Group's exposure to the Australian Logistics property sector. Following the completion of the Opco Acquisition, Group is expected to provide management services to the Property Portfolio, which will significantly increase the recurring earnings generated from the Group's Australian business. The ESR Co-investment and Opco Acquisition are consistent with the Group's business strategy of being a leading pan Asia focused owner and manager of logistics real estate.

The Group expects this acquisition will result in it becoming the third largest manager of logistics real estate in Australia based on assets under management and total area.

The Directors, having regard to the reasons and benefits of ESR Co-Investment and the Opco Acquisition referred to above, consider that the terms of the ESR Co-Investment and the Opco Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the ESR Co-Investment and the Opco Acquisition in aggregate exceeds 5% but is less than 25%, the ESR Co-Investment and the Opco Acquisition constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. Accordingly, the ESR Co-Investment and the Opco Acquisition are subject to the notification and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

5. INFORMATION ON THE PROPERTY PORTFOLIO AND OPCO

The geographically diverse Property Portfolio is situated in prime locations within the core industrial sub-markets of Sydney, Melbourne, Brisbane, Perth and Adelaide. The properties provide excellent accessibility to households and major businesses' logistics networks and benefit from existing and planned transport infrastructure improvements. The portfolio comprises:

- Eight assets in New South Wales with aggregate land area of 360,812 square meters and building gross leasable building area of 170,469 square meters;
- 20 assets in Victoria with aggregate land area of 2,114,536 square meters and gross leasable building area of 827,888 square meters;
- Three assets in Queensland with aggregate land area of 131,020 square meters and gross leasable building area of 51,578 square meters.
- Nine assets in Western Australia with aggregate land area of 589,089 square meters and gross leasable building area of 167,456 square meters; and
- Five assets in South Australia with aggregate land area of 405,830 square meters and gross leasable building area of 138,845 square meters.

The Property Portfolio has an initial yield of 4.5% and a Weighted Average Lease Expiry of 6.9 years. With a quality blue-chip tenant pool, the Property Portfolio provides secure medium-long term income for Bidco. Given the prime locations of the properties and low site cover within the portfolio, multiple near term and longer term re-development opportunities exist.

Bidco is acquiring the properties on a 100% occupancy basis with two years of rental support being provided by the Property Vendors for any outstanding vacancies at the time of completion.

The aggregate value of the Property Portfolio was A\$3.43bn based on valuations as of 31 May 2021 as determined by independent property valuers. Based on the unaudited financial information provided by the Property Vendors prepared in accordance with Australian Accounting Standards, which are in line with the International Financial Reporting Standards, for the financial years ended 31 December 2019 and 31 December 2020, both the unaudited net profits before and after taxation attributable to the Property Portfolio were A\$281.5 million and A\$294.3 million, respectively.

The value of Opco is based on its unaudited net asset value of the Opco at 31 March 2021 of A\$13m. Opco was established in October 2020 to provide support and trustee services to the Property Portfolio and has not had any business operations or generated any profits since its establishment.

6. INFORMATION ON THE PROPERTY VENDORS AND THE OPCO VENDOR

The Property Vendors are funds managed by subsidiaries of the Blackstone Group Inc. (“**Blackstone**”) and the Opco Vendor is owned by a fund managed by Blackstone.

Blackstone is a global leader in real estate investing. Blackstone’s real estate business was founded in 1991 and has US\$187bn of investor capital under management. Blackstone is one of the largest property owners in the world, owning and operating assets across every major geography and sector, including logistics, multifamily and single-family housing, office, hospitality and retail.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Property Vendors and the Opco Vendor and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

7. INFORMATION ON BIDCO, ESR PURCHASER AND THE GROUP

Bidco is owned 20% by the Group and 80% by the Co-Investor. The Co-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.

ESR Purchaser is a subsidiary of the Company. 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 Asia Pacific regions, including the People’s Republic of China, Japan, South Korea, Singapore, Australia and India.

8. GENERAL

As completion of the Property Acquisition and the Opco Acquisition is conditional upon the satisfaction of conditions precedents, they may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

9. DEFINITIONS

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

“AUM”	the sum of (i) the fair value of the properties directly held on the Group’s balance sheet, (ii) the fair value of the properties held in the private funds and investment vehicles the Group manages; (iii) the total uncalled capital commitments in the private funds and investment vehicles the Group manages; and (iv) the additional debt that is estimated to be incurred with reference to the target leverage ratio of the relevant private funds and investment vehicles the Group manages when all capital is called and invested
“Bidco”	ESR Investment Management 2 (Australia) Pty Limited as trustee for the ESR Milestone Partnership Mid Trust, ESR Investment Management 2 (Australia) Pty Limited as trustee for the Prestons Nominee Trust and ESR Investment Management 4 (Australia) Pty Limited as trustee for the Murrarie Subtrust, being vehicles controlled by the ESR Milestone Partnership
“Board”	the board of Directors of the Company
“Co-Investor”	Recosia Pte Ltd
“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
“ESR Purchaser”	ESR Landmark Pty Limited
“Group”	the Company and its subsidiaries
“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

“Opco”	Milestone Operations Limited
“Opco Vendor”	Milestone Logistics Holdings Limited
“Property Portfolio”	the portfolio of properties as described in “ <i>Details of the Property Acquisition</i> ” and “ <i>Information on the Property Portfolio and Opco</i> ” in this announcement
“Property Vendors”	CH Logistics Australian Mid TC Pty Ltd as trustee of CH Logistics Retail Mid Trust, Alset Australian Mid TC Pty Ltd as trustee of Alset Mid Trust, Gallant Australian Mid TC Pty Ltd as trustee of Gallant VIC Mid Trust, Gallant Australian Mid II TC Pty Ltd as trustee of Gallant Vic II Mid Trust, Gallop Australian Mid TC Pty Ltd as trustee of Gallop VIC Mid Trust, Vanilla Australian Mid TC Pty Ltd as trustee of Vanilla Mid Trust, Alset II Australian Mid TC Pty Ltd as trustee of Alset II Mid Trust, Gallop Australian Mid TC Pty Ltd as trustee of Gallop NSW Mid Trust, Sydney Logistics NSW II Mid TC Pty Ltd as trustee of Gallop NSW II Mid Trust, Gallant Australian Mid TC Pty Ltd as trustee of Gallant SA Mid Trust, Gallop Australian Mid TC Pty Ltd as trustee of Gallop SA Mid Trust, and Gallop Australian Mid TC Pty Ltd as trustee of Gallop WA Mid Trust
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 18 April 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Wei Hu and Mr. David Alasdair William Matheson 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.