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ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

**CONTINUING CONNECTED TRANSACTIONS
MANAGEMENT AGREEMENTS WITH JOINT VENTURE COMPANIES**

On 25 April 2024, the Logos Group (which are non-wholly owned subsidiaries of the Company) entered into:

- (i) the Management Agreements with the JV Companies for the provision of Management Services and other services to the JV Companies; and
- (ii) the Development and Project Management Agreements with the Owners (which are subsidiaries of the Singapore JV) for the provision of Development and Project Management Services to the Owners.

The Australia JV and the Owners are wholly-owned subsidiaries of the Singapore JV, which is in turn owned as to 90% by Starwood Investor and 10% by the Group. As Sequoia Investco is a holder of approximately 10.657% of the total issued share capital of the Company as of the date of this announcement and both Sequoia Investco and Starwood Investor are subsidiaries of Starwood HoldCo, the JV Companies and the Owners are connected persons of the Company. The Management Agreements, the Development and Project Management Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As more than one applicable percentage ratio in respect of the highest annual caps for the transactions under the Management Agreements and the Development and Project Management Agreements, on an aggregated basis, are more than 0.1% but all applicable percentage ratios are less than 5%, the continuing connected transactions contemplated under the Management Agreements and the Development and Project Management Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. INTRODUCTION

On 25 April 2024, the Logos Group entered into:

- (i) the Management Agreements with the JV Companies for the provision of Management Services and other services to the JV Companies; and
- (ii) the Development and Project Management Agreements with the Owners (which are subsidiaries of the Singapore JV) for the provision of Development and Project Management Services to the Owners.

B. MANAGEMENT AGREEMENTS

The principal terms of the Management Agreements are set out below:

Parties: *Singapore JV Management Agreement*

- (1) the Singapore Manager
- (2) the Singapore JV

Australia JV Management Agreement

- (1) the Australia Manager
- (2) the Australia JV

Subject Matter:

The Singapore JV and the Australia JV agreed to appoint the Singapore Manager and the Australia Manager, respectively, as the sole and exclusive manager of the Singapore JV and the Australia JV, respectively, for the provision of:

- (a) management services (the “**Management Services**”), including, among others, portfolio management, investment management, asset management, operational support, and other financial, treasury and reporting services; and
- (b) other services, including fund accounting services and any additional services in addition to the Management Services which the parties may agree to.

Fees:

Singapore JV Management Agreement

The fees for the Management Services will be determined by reference to the cost of providing the Management Services, a reasonable commercial margin and prevailing market rates by reference to services similar to the Management Services provided by the Logos Group to third parties.

Australia JV Management Agreement

In consideration for the Australia Manager providing the Management Services, the Australia Manager is entitled to receive a management fee comprised of an acquisition fee of A\$5,000,000 and a capital investment fee at a rate of 0.45% per annum by reference to the investment value of the relevant properties at different development stages (ranging between A\$360 million to the aggregate of all costs actually incurred in respect of the development), reduced by the annual fees payable to the Singapore Manager under the Singapore Management Agreement.

The management fee was determined based on cost of providing the services, a reasonable commercial margin and prevailing market rates by reference to similar services provided by the Logos Group to third parties.

The fees for any other services under the Management Agreements are to be determined by reference to the cost of providing those services, a reasonable commercial margin and prevailing market rates by reference to similar services provided by the Logos Group to third parties.

The Australia Manager is entitled to a performance fee of 20% to 30% of internal rate of returns above 22% per annum upon the occurrence of the Singapore JV paying a dividend, interest or return of capital, making a distribution in specie of assets, or repaying a loan (or making any similar payment) to a shareholder of the Singapore JV, or a deemed distribution to shareholders of the Singapore JV. The performance fee is calculated with reference to the Singapore JV's financial performance relative to agreed return targets, where the Australian Manager is rewarded for outperformance over such targets. The return targets for the subject transaction have been set based on the underlying investment opportunity, prevailing market return hurdles and with reference to similar ventures provided by the Logos Group to third parties.

Term and termination: Each of the Management Agreements has an initial term of three years commencing on the date of the agreement, unless terminated earlier in accordance with its terms.

Subject to compliance with the applicable requirements of the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon the expiration of a term, each Management Agreement is automatically renewed for successive terms of three years unless terminated earlier.

C. DEVELOPMENT AND PROJECT MANAGEMENT AGREEMENTS

The principal terms of the Development and Project Management Agreements are set out below:

Parties: *Development and Project Management Agreement A*

- (1) the Development Manager
- (2) Owner A

Development and Project Management Agreement B

- (1) the Development Manager
- (2) Owner B

Subject Matter: Owner A and Owner B will each agree to appoint the Development Manager on an exclusive basis to provide:

- (a) development management services (including coordinating and managing various aspects of the development of the property including, among others, planning, obtaining approvals and consents, budgeting and administrative services) and project management services (to manage, among others, the design, construction, cost management and documentation of the development property); and
- (b) other services, including, among others, design management, construction management, shutdown and make-safe, demolition, and environmental remediation services,

(the “**Development and Project Management Services**”).

Fees: The fees for the Development and Project Management Services (“**Development and Project Management Fee**”) for each six month period will be determined by reference to (i) the project costs incurred for the relevant period and the total forecast project costs as at the end of that relevant period to bring the project to completion multiplied by 0.05, (ii) deducting the amount of Development and Project Management Fee paid up to the end of that relevant period and (iii) dividing by the number of months remaining until the date of completion. The pricing policy of the Development and Project Management Fee was determined by reference to the cost of providing the services, a reasonable commercial margin and prevailing market rates by reference to similar services provided by the Logos Group to third parties.

Term and Termination: Each of the Development and Project Management Agreement has an initial term of three years commencing on the date of the agreement, unless terminated earlier in accordance with its terms.

Subject to compliance with the applicable requirements of the Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon the expiration of the term, each Development and Project Management Agreement is automatically renewed for successive terms of three years unless terminated earlier.

D. ANNUAL CAPS AND BASIS OF ANNUAL CAPS

The fees for the services under the Management Agreements and the fees for the services under the Development and Project Management Agreements for each of the financial years arising during their initial three-year term are subject to the following annual caps:

	25 April 2024 to 31 Dec 2024 (USD)	1 Jan 2025 to 31 Dec 2025 (USD)	1 Jan 2026 to 31 Dec 2026 (USD)	1 Jan 2027 to 24 April 2027 (USD)
Management Agreements	\$10 million	\$15 million	\$15 million	\$5 million
Development and Project Management Agreements	<u>\$16.67 million</u>	<u>\$25 million</u>	<u>\$25 million</u>	<u>\$8.33 million</u>
Total	<u><u>\$26.67 million</u></u>	<u><u>\$40 million</u></u>	<u><u>\$40 million</u></u>	<u><u>\$13.33 million</u></u>

The annual caps were determined by reference to the amount of each type of services estimated to be provided under each Management Agreement and Development and Project Management Agreement for each year with reference to the amount of similar services the Logos Group provides to other development projects and taking into consideration potential variations in development schedules and specifications of the relevant projects.

E. REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Management Agreements and Development and Project Management Agreements will allow the Group to increase its fee income as a leading real estate manager and service provider, by leveraging on its extensive experience in providing professional services regarding the management of projects relating to factories, warehouses and logistics facilities.

Based on the above, the Directors (including independent non-executive Directors) are of the view that the Management Agreements have been, and the Development and Project Management Agreements will be, entered into on normal commercial terms or better and in the ordinary and usual course of the business of the Group, and the terms (including the annual cap amounts for the services to be provided thereunder) are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had a material interest in any of the Management Agreements or Development and Project Management Agreements and the transactions contemplated thereunder.

F. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Sequoia Investco holds approximately 10.657% of the total issued shares of the Company. As a result, Sequoia Investco is a substantial shareholder and connected person of the Company.

The Australia JV and the Owners are wholly-owned subsidiaries of the Singapore JV, which is in turn owned as to 90% by Starwood Investor and 10% by the Group. As both Starwood Investor and Sequoia Investco are subsidiaries of Starwood HoldCo, the JV Companies and the Owners are connected persons of the Company. The Management Agreements and the transactions contemplated thereunder constitute, and the Development and Project Management Agreements and the transactions contemplated thereunder will constitute, continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As more than one applicable percentage ratio in respect of the highest annual caps for the transactions under the Management Agreements and the Development and Project Management Agreements, on an aggregated basis, are more than 0.1% but all applicable percentage ratios are less than 5%, the continuing connected transactions contemplated under the Management Agreements and the Development and Project Management Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

G. INFORMATION ON THE PARTIES

(a) Starwood Capital Group

Starwood Investor and Sequoia Investco are controlled by Starwood Capital Group. Starwood Capital Group is a private investment firm with a primary focus on global real estate.

(b) Singapore JV

The Singapore JV is a company incorporated under the laws of Singapore with limited liability and is an investment holding company.

(c) Australia JV

The Australia JV is a company incorporated under the laws of Australia with limited liability and is an investment holding company.

(d) The Owners

The Owners are companies incorporated under the laws of Australia with limited liability and will act as trustee of the trusts holding interests in the properties to be developed.

H. INFORMATION ON THE GROUP

The Group is Asia-Pacific's ("APAC") leading real asset manager powered by the New Economy and one of the largest listed real estate investment managers. The Group's fully integrated fund management and development platform extends across various APAC markets, comprising Australia/New Zealand, Japan, South Korea, Greater China, Singapore, Southeast Asia and India, with a presence in Europe and the U.S. The Group is listed on the Main Board of The Stock Exchange of Hong Kong, and is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite and MSCI Hong Kong Indices.

I. DEFINITIONS

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

"Australia JV"	LAOP HoldCo Pty Ltd, a company incorporated under the laws of Australia
"Australia JV Group"	Australia JV and its subsidiaries from time to time

“Australia JV Management Agreement”	the management agreement dated 27 February 2024 (before the Australia JV became a connected person of the Company) entered into between the Australia Manager and the Australia JV, as amended by the amending agreement between the same parties dated 25 April 2024, with respect to the provision of investment management services by the Australia Manager to the Australia JV Group
“Australia Manager”	LOGOS Investment Management Pty Ltd, a company incorporated under the laws of Australia and a non-wholly owned subsidiary of the Company
“A\$”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors of the Company
“Company”	ESR Group 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)
“Development and Project Management Agreement A”	the development and project management agreement as amended by the amending agreement each entered into between the Development Manager and Owner A and dated 25 April 2024 with respect to the provision of development and project management services by the Development Manager to Owner A
“Development and Project Management Agreement B”	the development and project management agreement as amended by the amending agreement each entered into between the Development Manager and Owner B and dated 25 April 2024 with respect to the provision of development and project management services by the Development Manager to Owner B
“Development and Project Management Agreements”	the Development and Project Management Agreement A and the Development and Project Management Agreement B
“Development Manager”	LOGOS Development Management Pty Ltd, a company incorporated under the laws of Australia and a non-wholly owned subsidiary of the Company

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Companies”	collectively, the Singapore JV and the Australia JV
“JV Group”	collectively, the Singapore JV Group and the Australia JV Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)
“Logos Group”	Logos Property Group Limited, a non-wholly owned subsidiary of the Company, and its subsidiaries and affiliates
“Management Agreements”	collectively, the Singapore JV Management Agreement and the Australia JV Management Agreement
“Managers”	collectively, the Singapore Manager and the Australia Manager
“Owner A”	LAOP SPV 3 Pty Ltd (a subsidiary of the Singapore JV) as trustee for the LAOP Altona Trust
“Owner B”	LAOP SPV 3 Pty Ltd (a subsidiary of the Singapore JV) as trustee for LAOP Botany Trust
“Owners”	Owner A and Owner B
“Sequoia Investco”	SOF-12 Sequoia Investco Ltd, a company ultimately controlled by Starwood Capital Group
“Singapore JV”	LOGOS Australia Opportunistic Partnership Pte. Ltd., a company incorporated under the laws of Singapore
“Singapore JV Group”	Singapore JV and its subsidiaries from to time

“Singapore JV Management Agreement”	the management agreement dated 27 February 2024 (before the Singapore JV became a connected person of the Company) entered into between the Singapore Manager and the Singapore JV, as amended by the amending agreement and supplemented by the fee letter each between the same parties and dated 25 April 2024, with respect to the provision of investment management services by the Singapore Manager to the Singapore JV Group
“Singapore Manager”	LOGOS SE Asia (Funds Management) Pte. Ltd., a company incorporated under the laws of Singapore and a non-wholly owned subsidiary of the Company
“Shareholders”	the holders of the shares of the Company
“Starwood Capital Group”	Starwood Capital Group, a private investment firm
“Starwood HoldCo”	S Asia Hold Co 1 Private Limited, being a company controlled by Starwood Capital Group
“Starwood Investor”	S Australia Diamond Pte. Ltd., being a company ultimately controlled by Starwood Capital Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 25 April 2024

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. Hwee Chiang Lim, Dr. Kwok Hung Justin Chiu, Mr. Rajeev Veeravalli Kannan and Ms. Joanne Sarah McNamara as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, Ms. Serene Siew Noi Nah and Ms. Wei-Lin Kwee as Independent Non-executive Directors.