ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the "**Board**" and the "**Directors**" respectively) of ESR Group Limited (the "**Company**" or "**ESR**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024 (the "**Period**" or "**1H2024**") together with the comparative figures for the six months ended 30 June 2023 ("**1H2023**").

FINANCIAL HIGHLIGHTS

	1H2024 (Unaudited) US$'000	1H2023 (Unaudited) US$'000	Year-on-Year Change* %
Key financial performance			
Revenue	**312,468**	455,407	(31.4)
Fund management EBITDA [(i)]	**173,897**	328,698	(47.1)
(Loss)/profit for the period	**(208,968)**	313,870	(166.6)
EBITDA [(ii)]	**(22,180)**	537,448	(104.1)
Adjusted EBITDA [(ii)]	**131,949**	549,729	(76.0)
PATMI [(iii)]	**(218,719)**	288,965	(175.7)
Adjusted PATMI [(ii)]	**(57,904)**	303,758	(119.1)

	As at 30 June 2024 (Unaudited) US$'000	As at 31 December 2023 (Audited) US$'000	Year-on-Year Change %
Cash	**1,064,404**	1,001,568	6.3
Net debt/total assets (Gearing ratio)	**32.3%**	30.7%	1.6pp

	1H2024 (Unaudited) US$'000	1H2023 (Unaudited) US$'000	Year-on-Year Change* %
Revenue by region			
Greater China	**87,746**	81,227	8.0
Japan	**27,511**	46,545	(40.9)
South Korea	**22,391**	146,351	(84.7)
Australia and New Zealand	**75,803**	80,751	(6.1)
Southeast Asia	**69,482**	75,804	(8.3)
India	**5,775**	5,272	9.5
Europe	**20,562**	16,373	25.6
USA and Others	**3,198**	3,084	3.7
	312,468	455,407	

* Year-on-Year ("**YoY**") Change % represents a comparison between the first half of current year and the first half of last year.

(i) Refers to Fund management segment result which excluded the changes in fair value of financial derivative assets in relation to certain associate.

(ii) EBITDA, Adjusted EBITDA and Adjusted PATMI are non-IFRS measures. EBITDA is calculated as (loss)/profit before tax, adding back depreciation and amortisation and finance costs (net). Refer to Non-IFRS measures on page 19 to 21 for calculations of Adjusted EBITDA and Adjusted PATMI.

(iii) PATMI is (loss)/profit after tax and minority interests.

OPERATIONAL HIGHLIGHTS

The following table summarises Asset Under Management ("**AUM**") and Gross Floor Area ("**GFA**") that the Group managed as at 30 June 2024:

Region	**Fee-related AUM[(i)] 30 June 2024 (US$'billions)**	**GFA[(ii)] 30 June 2024 (sqm in millions)**
Greater China	20.2	14.9
Japan and South Korea	14.4	11.8
Australia and New Zealand	15.1	10.3
India and Southeast Asia	15.8	9.7
APAC	1.6	1.1
USA/Europe	13.2	2.3
	80.3	50.1

(i) Fee-related AUM refers to the sum of (i) the fair value of the properties held in the private funds and investment vehicles the Group manages and (ii) the appraised carrying value of listed REITs.

(ii) Excludes GFA of Associates.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

ESR is ranked as the largest real asset manager in the Asia Pacific ("**APAC**") in the 2024 ANREV Fund Manager Survey, in addition to being one of the top 10 global real estate investment managers. This is the second consecutive year that ESR has received this accolade, and it is a strong testament to its capabilities as the leader in New Economy and Data Centres in the APAC region. ESR's Fund management platform is well-diversified across major APAC markets, supported by strong partnerships with leading investors and global tenants. As at 30 June 2024, Fee-related AUM[1,2] was US$80 billion, reflecting a 3-year CAGR growth of 52%.

The elevated interest rates have substantially dampened the transaction activity and have impacted asset revaluations in APAC real estate and globally. This has also delayed the timing of planned exits and promote fees from funds and slowed the pace of balance sheet sell downs and non-core divestments.

According to PERE[3] data, fund raising in the first half of 2024 was only US$59 billion for private real estate, the lowest fund raising in the first half since 2012. Muted capital partner activity has not only affected capital raising volumes and demand for core transactions but it has also negatively impacted development starts in certain markets. However, as interest rates normalise, ESR continues to expect capital raising volumes to resume and return to historical levels.

In China, while ESR continues to perform strongly with over 2.5 million sqm of renewals and new leases signed in 1H2024, the continued macroeconomic softness is putting significant pressure on overall leasing demand, thereby affecting valuations and the ability to promptly sell down completed balance sheet assets. However, Management expects a gradual recovery in leasing going forward as new supply into the market is now limited.

The Group recorded Total Revenue of US$312 million for 1H2024, with the Fund management Segment Revenue contributing over 80% of this total. Fee Income and Fund management EBITDA excluding promote fees stayed resilient — Fee Income excluding promote as a percentage of Fee-related AUM was approximately 70 basis points and the Fund management EBITDA margin excluding promote fees was approximately 70%. The Fund management EBITDA for the first half of 2024 was lower compared to the prior period, primarily due to the recognition of promote fees amounting to US$136 million in the prior period. In addition to lower promote fees, EBITDA and consequently PATMI was significantly impacted by non-cash asset revaluations which are reflective of current market conditions. Despite the impact of the non-cash asset revaluations, the Group's underlying business remains healthy.

1 Based on FX rates as at 30 June 2024

2 Fee-related AUM excludes AUM from Associates and levered uncalled capital

3 *PERE* Fundraising Report H1 2024

Despite a challenging macro environment, ESR remains focused and continues to make steady progress towards its key business priorities: (i) balance sheet optimisation, (ii) business streamlining and simplification, and (iii) completing the integration of the ESR and LOGOS Property Group Limited ("**LOGOS**") platforms to drive operational efficiency and position the business for further future growth. Alongside this, the Group is focused on the ramp up of the data centres and infrastructure platforms to meet the projected surge in data centre demand in Asia, fuelled by advancements in artificial intelligence ("**A.I.**") and ongoing digital transformation.

On balance sheet optimisation, the Group is on track to complete approximately US$0.7 billion worth of asset syndications[4], including the listing of the ESR C-REIT which is expected to launch and complete by end of 2024. In the next 12 to 18 months, the Group aims to execute approximately US$1.5 billion (in gross asset value) of additional balance sheet sell down.

On business streamlining, the Group has also made significant progress on non-core divestments, with approximately US$335 million to be realised from the completion of the sale of ARA Private Funds[5] (which is pending final regulatory approval and satisfaction of related condition precedents) and the ARA US Hospitality Trust management platforms (which was completed in July 2024). The net proceeds from these divestments are intended to be used to repay the Group's borrowings.

On 21 and 26 July 2024, ESR announced the completion of its acquisition of the remaining shares in LOGOS from the founders of LOGOS[6], ahead of the January 2025 deadline. The combined platform would cement ESR's New Economy leadership position in APAC, with US$72 billion of New Economy AUM, as well as APAC's largest development workbook of approximately US$13.1 billion. The unified platform also puts ESR on the pathway to be the number one New Economy manager[7] in Australia and New Zealand, including the Data Centre business which is a key growth driver moving forward. Furthermore, it would also position ESR as a market leader in all key Southeast Asia markets and bolster its market-leading position in South Korea. An additional US$50 million of cost synergies are targeted from the ongoing streamlining of the business across the Group.

ESR's next phase of growth lies in data centres, infrastructure and its sizeable and well-diversified logistics portfolio and development workbook. Since its IPO, ESR's development workbook has grown nearly fourfold to approximately US$13.1 billion as at 30 June 2024. The workbook is increasingly focused on data centre development, which accounted for 34% of development starts in 1H2024.

4 Comprises the following: launch of the ESR C-REIT, progressive sale of the seed portfolio into the RMB Income Fund, and projects which are in active execution stage

5 Refer to the announcement dated 11 March 2024 on the discloseable transaction in relation to the sale of the ARA Private Funds business

6 Refer to the announcements dated 21 and 26 July 2024 on the acquisition of the remaining interest in LOGOS

7 On deployment of committed capital

The demand for data centres is expected to grow significantly on the back of increasing reliance on digital technology, cloud storage, remote work and the rise of A.I.. ESR's robust data centre capability is underpinned by more than 2GW of extended pipeline. This puts ESR in a strong position to capitalise on this and grow to be a major player in the region. ESR's multi-model approach would enable it to deliver bespoke solutions both in business model and service provision to customers and adapted for both operator requirements and unique attributes in each market ESR operates in. This is a key differentiation to its peers.

The Group's infrastructure platform is focused on sectors strategically positioned to grow with and benefit from key megatrends such as decarbonisation, digitalisation, and other key factors. At present, it has over US$1 billion of equity raised and various multiple in-country renewable energy joint ventures in operation. Leveraging existing adjacencies within the New Economy real estate business, the Group is confident of the growth potential in ESR's infrastructure and renewables platform.

Fund management: fund management earnings underpinned by stable management fees

ESR Group's Fund management segment revenue ("**Fee Income**") for 1H2024 was US$254 million, underpinned by stable management fees. Excluding promote fees, Fee Income was 5.0% lower year-on-year, primarily due to slower development progress and project delays in Japan and South Korea. Excluding the impact of foreign exchange fluctuations particularly in Japan and South Korea, the decline in Fee Income was a moderate 2% year-over-year. Core asset recurring fee income from asset management, investment management and property management grew 7% year-on-year, underscoring the resilience of the Fund management platform. Correspondingly, Fund management EBITDA margins excluding promote fees stayed resilient at approximately 70%.

ESR raised US$2.3 billion in capital during the first half of 2024. This was an increase of 155% against the same period last year, despite a second consecutive year of muted fundraising for the sector. Furthermore, in the last 12 months, the Group has successfully raised and transacted over US$1.2 billion worth of core capital across a range of geographies, allowing investors to continue to stay invested and/or allocate more towards APAC New Economy. This continued support from existing and new fund investors is much appreciated and valued.

As at 30 June 2024, the Group had substantial uncalled capital of US$23.7 billion[8] for deployment to grow Fee-related AUM. Deployments are ongoing across all markets albeit at a cautious pace.

8 Excludes US$0.3 billion of Uncalled Capital attributable to ARA Private Funds

New Economy: Healthy outlook but longer runway for newly stabilised assets in China and Japan

As at 30 June 2024, the portfolio occupancy rate for the Group's New Economy assets[9] as at 30 June 2024 stood at 87% (94% excluding Mainland China). More than 1.2 million sqm of newly stabilised assets in Japan and Mainland China came on-stream in the first half of the year. In a market where tenants are taking longer to commit to additional floorplates or execute on consolidation plans, a longer runway is needed for the committed occupancies of these new and high-quality assets to attain their target levels. The occupancy for the bulk of the portfolio excluding Mainland China and the impact of these newly stabilised assets remained strong at 97%.

Approximately 3.9 million sqm of renewals and new leases were recorded for 1H2024, up 86% year-on-year, and at weighted average rental reversions[10] of approximately 10.7% (19.4% excluding Mainland China). Leases in Australia and South Korea accounted for the highest rental growth rates, achieving reversions of approximately 27.9% and 24.0% respectively, still mitigating the cap rate expansion for assets in Australia and South Korea, save for those with longer weighted average lease expiry ("**WALE**"). Although leasing conditions in China remain soft, the momentum in lease renewals and replacements were active. Rental reversions are negative as tenants seek flexibility in leasing and occupancy continues to be prioritised. As at 30 June 2024, the WALE for the Group's New Economy portfolio remained at approximately 4.6 years and 4.0 years by income and area respectively.

Development activity had adapted to a cautious pace with US$1.3 billion and US$1.5 billion of starts and completions respectively in 1H2024. 34% of development starts were projects in data centres, and for regions, 26% were in Australia and New Zealand, 23% of projects were in India and Southeast Asia and 17% were from Mainland China. The Group remains prudent when evaluating any new development starts, or new land acquisitions currently in China. In the case of development completions, 71% were from Australia, India and Southeast Asia, followed by 18% from Mainland China. The rest were from South Korea. The 23.1 million sqm GFA development pipeline[11] continues to be robust as the Group pursues its development strategy in support of AUM growth.

9 Stabilised New Economy assets; excludes listed REITs and Associates

10 Weighted by the AUM of each country

11 Includes land, under development and MOUs as at 30 June 2024

As at 30 June 2024, ESR's US$13.1 billion workbook comprised 27% in Australia and New Zealand, 24% in Japan and South Korea, 15% in India and Southeast Asia, 11% in Hong Kong, 9% in Mainland China, and data centres which increased to 14% of the total. More than 95% of the workbook is funded by ESR's managed funds, in line with ESR's stated asset light strategy. On the back of healthy demand for the Group's projects and stabilisation in construction costs, targeted development margins improved to 33.5% as at 30 June 2024, with projected yield on cost of 6.7%.

Capital Management: Continued focus on capital recycling

As at 30 June 2024, the Group's gearing was 32.3%, with weighted average debt maturity of 4.0 years. The gearing would be unchanged at approximately 30% upon the impending completion of the sale of ARA Private Funds and the formal launch of the ESR C-REIT. The weighted average interest cost was further reduced to 4.9% from 5.6% in 1H2023 as Management has tapped lower margin financing to refinance more expensive US dollar denominated debt. On the back of interest rates cut expectations, a 100 basis points decline in interest rate would lower interest expense by approximately US$50 million per annum. The increase in total borrowings was attributable to a timing spill-over for an asset loan refinancing where loan drawdown was in late June, ahead of the repayment in early July.

The Group's liquidity position remained sound. Management is executing on the staggered refinancing and planned repayment of the debt amounts due in the second half of 2024 via a committed sustainability linked loan facility of US$2.5 billion, with a greenshoe option to upsize to US$3.0 billion[12].

The Group remains steadfast in its capital recycling efforts through this period of protracted transaction duration at a pace that is slow but expected to pick up meaningfully with the anticipated U.S. Fed rate cuts. Transactions of approximately US$1 billion in gross value are pending completion, and another US$2 billion are in the pipeline to be executed. Management remains committed to reducing its gearing towards the low end of the range of 20–30%.

[12] Expected completion by end FY2024

DELIVERING ON OUR ESG COMMITMENTS

The Group continues to strive towards its ESG efforts to create a positive impact on the environment and the communities. In 1H2024, the Group made significant progress against its targets set out under its ESG 2030 Roadmap, which was launched in May 2023. The roadmap underscores the Group's commitment to enhance its synergies and accelerate long-term sustainable growth across the three key pillars under the ESG Framework — "Creating a Human Centric environment that is safe, supportive and inclusive for stakeholders"; "Developing and maintaining a sustainable and efficient Property Portfolio"; and "Delivering outstanding Corporate Performance for sustained and balanced growth".

The Group continues to advocate diversity, equity, and inclusion in the workplace with female representation at 46.0% in 1H2024, representing a 0.6% increase from 45.4% in 1H2023. The Group also collaborates with partners and stakeholders to drive social impact efforts in the communities where it operates, aligned with its focus areas of "Strengthening Social Resilience, Health and Wellbeing", "Promoting Education & Upskilling", in addition to "Protecting the Environment". Across the Group, close to 3,000 volunteer hours were clocked by employees in community outreach activities implemented in 1H2024.

On the environmental front, the Group remains committed to developing and maintaining sustainable and efficient buildings and increasing sustainable building certifications and ratings. In 1H2024, 148 MW of rooftop solar power capacity (32% increase from 112 MW in 1H2023), as well as over 1,000 EV charging stations (24% increase from 809 in 1H2023), have been installed across the portfolio as part of its transition to a low-carbon future. Additionally, 45.8% of the Group's portfolio of completed, directly managed assets has obtained sustainable building certifications and ratings such as LEED, WELL and NABERS. This represents a 3% increase from 42.8% in 2023. In the pursuit of net zero carbon, several of ESR's business units have established decarbonisation targets. For example, ESR Data Centres have set an ambitious target to achieve 100% renewable energy use across all its data centre assets by 2040, with an interim target of 75% renewable energy by 2030.

Under the Corporate Performance pillar, the Group continues to be recognised for its robust ESG disclosure practices. In 1H2024, its ISS Governance QualityScore improved from 8th decile rank to 1st, in addition to its 'Low Risk' score of 15.5 in Sustainalytics ESG Risk Ratings. The Group also submitted its inaugural United Nations-supported Principles of Responsible Investment (UN PRI) assessment in July 2024, demonstrating its commitment to integrating responsible investment practices across its business.

LOOKING AHEAD

According to the World Economic Outlook[13], the outlook for global economic growth is overall balanced although risks and uncertainties that have a bearing on monetary policy decisions still exist.

Management will continue to progress its key business priorities, to achieve a sustainable growth and maximise long term shareholder value. The streamlining and simplification of ESR's business enables the Group to focus on strengthening the development and Fund management platform in New Economy, as it positions ESR for the next stage of growth.

Management is optimistic that the next 12 to 18 months will be supportive of a recovery with the expected lower short-term rates providing the biggest market catalyst followed by the APAC growth in A.I..

A reduction in interest rates would likely support a rebound in asset values and consequently fund exits and promotes. It would also support a similar rebound in development starts and be a stronger catalyst for the execution of the balance sheet asset sales as well as the remaining non-core divestments. Increased capital raising in core/core+ and development funds is expected as capital partner transaction activity picks up, along with increased deployment of uncalled capital to boost Fee-related AUM and Fee Income. The Group is also expected to benefit from an optimised debt portfolio and reduced interest expense over the next 12 months.

[13] World Economic Outlook Update, July 2024

FINANCIAL REVIEW

The Group recorded net loss of US$209.0 million for 1H2024, as compared to net profit of US$313.9 million for 1H2023. The decrease in profit was primarily attributable to non-cash asset revaluations and a lack of promote fees in 1H2024, which are reflective of current market conditions. The Group's underlying business remains solid and the Board is confident in the Group's ongoing strategic direction and core operating earnings.

REVENUE

The Group's revenue decreased by 31.4% from US$455.4 million in 1H2023 to US$312.5 million in 1H2024, mainly due to lower management fee that decreased by 37.0% from US$402.9 million in 1H2023 to US$253.7 million in 1H2024.

Lower management fee was mainly due to US$136.0 million of promote fees recorded in 1H2023. Promote fees are recognised upon the recapitalisation or realisation of the Group's managed funds. Accordingly, the Group's promote fee income varies with the life cycles of the managed funds and the real estate cycle. As highlighted in prior results announcements, there may be select periods where no promote fee income is recognised and the Group did not record any promote fee income in the six months ended 30 June 2024. This is reflective of the current phases of the Group's fund life cycles and the overall real estate cycle, and increased promote fee income would be expected as these two drivers move in the Group's favour.

Excluding the promote fees recognised in 1H2023, there was a 5% reduction in the management fee, primarily due to slower development progress and project delays in Japan and South Korea. However, the Group's recurring fee income from asset management, investment management and property management grew year-on-year underscoring the resilience of the Fund management platform. Excluding the impact of foreign exchange fluctuations particularly in Japan and South Korea, the decline in fee income would be a more moderate 2% year-on-year.

Construction revenue increased from US$12.6 million in 1H2023 to US$20.6 million in 1H2024 as the Group continues to execute projects that commenced in the second half of year 2023. Cost of sales increased correspondingly from US$12.7 million in 1H2023 to US$27.2 million in 1H2024.

Rental income decreased by 4.6% from US$36.7 million in 1H2023 to US$35.0 million in 1H2024. This was mainly attributed to a drop in rental income from assets divested, offset by full six months rental income earned from assets completed in year 2023.

Geographically, 92% of the Group's revenue for 1H2024 was contributed from Greater China, Japan, South Korea, Southeast Asia, India and Australia and New Zealand; Europe and USA largely made up the remaining 8%. Post June 2024, the Group's exposure to the USA will be Nil, following the sale of ARA US Hospitality Trust that was completed in July 2024; and ARA Private Funds which is expected to complete in second half of the year.

PATMI AND EBITDA

EBITDA decreased by 104.1% from a profit of US$537.4 million in 1H2023 to a loss of US$22.2 million in 1H2024. PATMI decreased by 175.7% from a profit of US$289.0 million in 1H2023 to loss of US$218.7 million in 1H2024. These were driven by the following factors, namely non-cash adjustments and write-down tied to non-core divestments or near-term divestments, negative fair value movements and absence of promote fees in 1H2024.

Other income and gains, net decreased from US$214.8 million in 1H2023 to US$8.4 million in 1H2024. The Group recorded a share of losses of US$7.3 million from the results of its joint ventures and associates in 1H2024 compared to a share of profits of US$78.4 million in 1H2023. The reductions were mainly due to non-cash items listed below:

Loss tied to non-core divestments or near-term divestments

1. ARA US Hospitality Trust ("**USHT**") write-down: US$97.4 million arising from the divestment of the Group's stake in USHT manager and units, the agreement for which was entered into on 27 May 2024 and which was completed on 9 July 2024. The amount was accounted for as impairment loss of assets held for sale and is adjusted under Non-IFRS Measures for a like-for-like comparison with 1H2023 as this was the divestment of a non-core asset, to simplify and streamline the Group to focus on New Economy.

2. Share of associate's fair value losses: approximately US$44.6 million estimated from the asset revaluation of Cromwell Property Group's ("**Cromwell**") Australia investment portfolio as well as the sale of Cromwell's European fund management platform and associated co-investments, consistent with Cromwell's commitment to simplify its business to transition to a capital-light funds management model. The effect of fair value losses which are non-cash in nature and divestment of non-core assets is adjusted under Non-IFRS Measures for a like-for-like comparison with 1H2023.

China

Negative fair value movements relating to assets in Mainland China comprising:

1. US$60.0 million arising from the revaluation loss of three balance sheet assets in China to be spun-off to ESR C-REIT. ESR had previously announced that these assets will be spun-off through a publicly offered infrastructure securities investment fund on the Shanghai Stock Exchange (the "**Proposed Spin-off**"). The listing was approved by the relevant regulatory authorities on 21 June 2024. This revaluation was an adjustment conducted in connection with the Proposed Spin-off. The Proposed Spin-off forms a central part of the Group's efforts to optimise its balance sheet, including via divestments to ESR-managed vehicles such as this, which will enhance its recurring fee revenue going forward.

2. US$125.5 million decline in fair values attributable to two key factors. Firstly, fair values have been adjusted downwards in Northern China owing to a short-term oversupply of completed projects in the market. Secondly, in 1H2023, the Group benefited from valuation uplifts as three prime properties in the Greater Shanghai and Greater Bay area transitioned from development to completed investment properties, which led to a positive revaluation. For the current financial year, the Company did not record similar fair value gains given the challenging macroeconomic conditions in China, resulting in lower fair value gains recognised in 1H2024.

Finance cost decreased by 3.2% from US$158.8 million in 1H2023 to US$153.6 million in 1H2024. As at June 2024, the Group's weighted average interest costs reduced to 4.9% from 5.3% as at December 2023, as the Group continues to refinance its borrowings with lower margin financing.

Administrative expenses increased by 57.3% from US$204.5 million in 1H2023 to US$321.7 million in 1H2024, mainly due to the US$97.4 million impairment of assets held for sale for the non-core divestment of USHT as mentioned above.

SEGMENT RESULTS

Fund management segment results decreased by US$159.3 million or 48.5% from US$328.7 million in 1H2023 to US$169.4 million in 1H2024, mainly due to lack of promote fee income as mentioned above. Nonetheless, the Fee Income and Fund management EBITDA excluding promote fees stayed resilient, where margins remain in the region of 70%.

The Investment segment reported a loss of US$160.9 million in 1H2024 compared to profit of US$120.2 million in 1H2023. This was mainly due to the US$60.0 million revaluation loss of three balance sheet assets in China to be spun-off to ESR C-REIT, downward fair values adjustments of assets in Northern China, share of fair value loss from Cromwell of US$44.6 million, and the abovementioned impairment of assets held for sale of non-core divestment of USHT of US$97.4 million. Excluding the effects of the impairment and fair value losses of Cromwell, the loss from Investment segment would be US$18.9 million.

New Economy development segment results decreased by 73.3% from US$147.7 million in 1H2023 to US$39.4 million in 1H2024. The decrease was mainly attributable to the abovementioned lower fair value from the Group's China assets in 1H2024.

ASSETS

Total assets showed a slight change from US$16.2 billion as at 31 December 2023 to US$15.9 billion as at 30 June 2024. Main movements are as described below.

Investment properties decreased by 10.5% to US$2.9 billion as at 30 June 2024 (31 December 2023: US$3.2 billion). The decrease was mainly due to the reclassification of properties amounted to US$282.3 million as assets held for sale as at June 2024, sales of assets which amounted to US$114.0 million and downwards valuation of certain properties in China. The reduction was offset by an increase in the properties under development during the Period.

Investments in joint ventures and associates decreased to US$3.3 billion as at 30 June 2024 (31 December 2023: US$3.4 billion), mainly due to the abovementioned negative fair value movements relating to assets in Mainland China, share of fair value losses in Cromwell as well as write-down and reclassification of USHT to assets held for sale.

Financial assets at fair value through other comprehensive income ("**FVOCI**") decreased by 19.0% or US$199.1 million to US$851.3 million as at 30 June 2024, contributed by mark-to-market losses of US$91.5 million mainly from the Group's quoted investments; as well as the reclassification of US$121.6 million pertaining to the disposal of ARA Private Funds to assets held for sale.

Goodwill and other intangible assets decreased from US$4.8 billion as at 31 December 2023 to US$4.6 billion as at 30 June 2024, due to the non-core divestments of USHT and ARA Private Funds, in line with the Group's key business priorities that include streamlining and simplifying the business with renewed focus on New Economy.

Trade receivables decreased by 31.4% to US$365.4 million as at 30 June 2024 (31 December 2023: US$532.9 million) as 50% of the promote fee receivables were collected in 1H2024.

Assets (net of liabilities) of a disposal group classified as held for sale increased significantly from US$60.6 million to US$675.7 million, arising from the reclassification of a few investment properties to near-term assets held for disposal as well as the USHT and ARA Private Funds as mentioned above.

LIABILITIES

Total bank and other borrowings as at 30 June 2024 increased to US$6.2 billion (31 December 2023: US$6.0 billion). The increase was attributed to a timing spill-over for an asset loan refinancing where loan drawdown took place in late June 2024, ahead of the repayment in early July.

Net debt remained constant at US$5.1 billion compared to US$5.0 billion as at 31 December 2023, with net debt over total assets of 32.3% as at 30 June 2024. As at 30 June 2024, the Group had cash balances of US$1.1 billion that were primarily denominated in USD, RMB, SGD, JPY, KRW, AUD and HKD. The Group's liquidity position remains healthy, backed by a committed sustainability-linked loan facility of US$2.5 billion, with a greenshoe option to upsize to US$3.0 billion. The facility is expected to close by end of the year.

The Group remains focussed on its capital recycling strategy with planned repayments of borrowings to reduce the Group's gearing. It regularly reviews its debt maturity profiles and refinances ahead of maturity ensuring a well-capitalised balance sheet is maintained.

As at 30 June 2024, 10% of the Group's borrowings was on fixed rate while the remaining 90% was on floating rate basis. As at 30 June 2024, the Group's weighted average debt maturity was approximately 4 years (31 December 2023: 5 years).

As at 30 June 2024, neither the Group nor the Company had any significant contingent liabilities.

TOTAL EQUITY

Total equity as at 30 June 2024 remained relatively stable, with a slight decrease to US$8.1 billion from US$8.7 billion as at 31 December 2023. The primary factors included the loss for 1H2024 of US$209.0 million, an unrealised mark-to-market fair value loss of US$91.5 million on the Group's FVOCI; and the share of unrealised currency translation losses of US$116.0 million from the Group's joint ventures and associates due to the strengthening of US dollars against local currencies.

In addition, the total equity as at 30 June 2024 is net of final dividend of US$67.4 million for the year ended 31 December 2023 and shares repurchased totalling US$72.2 million.

The Group manages and minimises its foreign currency exposures by natural hedges using various currencies via project and corporate level; it continues to assess the use of financial derivatives where appropriate to manage its foreign currency exposures.

EVENTS AFTER THE REPORTING DATE

Acquisition of remaining interest in LOGOS Property Group Limited and Further updates on LOGOS Founders Roll-up

Reference is made to the circular of the Company dated 18 October 2021 in relation to the acquisition of ARA Asset Management Limited ("**ARA**", together with its subsidiaries, the "**ARA Group**"), pursuant to which the Company acquired an indirect 86.4% interest in LOGOS Property Group Limited ("**LOGOS**"), with the remaining 13.6% interest in LOGOS (the "**LOGOS Founder Stake**") being held by the three founders of LOGOS, namely Mr. John Edward Marsh, Mr. Trent Alexander Iliffe and Mr. Stephen Hawkins (collectively, the "**LOGOS Founders**"). As announced on 21 July 2024 and 26 July 2024, the Company has completed the acquisition of the part of the LOGOS Founder Stake held by Mr. Stephen Hawkins on 20 June 2024; and entered into share purchase agreements with, among others, Mr. John Edward Marsh and Mr. Trent Alexander Iliffe, respectively, on 25 July 2024, pursuant to which the Company agreed to acquire the remaining part of the LOGOS Founder Stake held by Mr. John Edward Marsh and Mr. Trent Alexander Iliffe, the consideration of which will be satisfied by (a) in the case of Mr. Trent Alexander Iliffe, cash consideration and (b) in the case of Mr. John Edward Marsh, both cash consideration and allotment and issue of new shares in the Company credited as fully paid under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 May 2024. Accordingly, 32,074,310 Shares were allotted and issued to Mr. John Edward Marsh as part of the consideration on 13 August 2024. As of the date of this announcement, the acquisition of the LOGOS Founder Stake was completed and LOGOS is indirectly wholly-owned by the Company.

Reference is made to the announcement of the Company dated 26 July 2024 (the "**Announcement**") in relation to the acquisition of the LOGOS Founder Stake involving issue of new shares under general mandate (the "**LOGOS Founders Roll-up**"). Each of the Share Purchase Agreements (as defined in the Announcement) was negotiated separately with the respective LOGOS Founder and the Share Purchase Agreements were not inter-conditional. A valuation from a reputable investment bank was obtained to ensure the consideration was aligned with the current market range. After completion of the Share Purchase Agreements, Mr. John Edward Marsh will remain in the Group in a new role and Mr. Trent Alexander Iliffe will continue in a consulting capacity for a period of time to assist with transition.

Disposal of ARA US Hospitality Trust

ARA entered into a share purchase agreement to dispose of 100% of the issued shares of ARA Trust Management (USH) Pte. Ltd. ("**USHT REIT Manager**") on 27 May 2024.

ARA Real Estate Investors 23 Pte. Ltd. ("**ARA RE23**") entered into a sale and purchase agreement to sell 110,200,640 stapled securities of ARA US Hospitality Trust ("**ARA H-Trust**" and the stapled securities of ARA H-Trust, the "**Stapled Securities**"), representing approximately 19.0% of the total number of Stapled Securities in issue on 27 May 2024.

Both ARA and ARA RE23 are wholly owned subsidiaries of the Group. Both transactions were completed on 9 July 2024.

NON-IFRS MEASURES

EBITDA, Adjusted EBITDA and Adjusted PATMI are non-IFRS measures. These measures are presented because the Group believes they are useful measures to determine the Group's financial condition and historical ability to provide investment returns. EBITDA, Adjusted EBITDA and Adjusted PATMI and any other measures of financial performance should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Group's operating performance on any other measure of performance derived in accordance with IFRS. Because EBITDA, Adjusted EBITDA and Adjusted PATMI are not IFRS measures, these may not be comparable to similarly titled measures presented by other companies.

Adjusted EBITDA

The following table sets out the reconciliations of Adjusted EBITDA:

	1H2024	1H2023
	US$'000	US$'000
(Loss)/profit before tax	**(188,955)**	372,631
Add/(less):		
Depreciation and amortisation	**27,682**	23,016
Finance costs	**153,640**	158,789
Interest income	**(14,547)**	(16,988)
EBITDA [(a)]	**(22,180)**	537,448
Add/(less):		
Changes in fair value of financial derivative assets [(b)]	**4,532**	–
Impairment of assets held for sale [(c)]	**97,411**	–
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss [(d)]	**44,589**	–
Share-based compensation expense [(e)]	**5,759**	12,281
Transaction costs related to Indicative Proposal [(g)]	**1,838**	–
Adjusted EBITDA	**131,949**	549,729
Less:		
Fair value changes on Investment Properties ("**IP**") [(h)]	**29,744**	(115,307)
Adjusted EBITDA (less fair value changes on IP)	**161,693**	434,422

Adjusted PATMI

The following table sets out the reconciliations of Adjusted PATMI:

	1H2024 **US$'000**	1H2023 US$'000
PATMI	**(218,719)**	288,965
Add/(less):		
Amortisation relating to intangible assets arising from acquisition of ARA, net of tax [(f) (ii)]	**9,358**	9,306
Changes in fair value of financial derivative assets [(b)]	**4,532**	–
Impairment of assets held for sale [(c)]	**97,411**	–
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss [(d)]	**44,589**	–
Share-based compensation expense (related to ARA) [(f) (i)]	**3,087**	5,487
Transaction costs related to Indicative Proposal [(g)]	**1,838**	–
Adjusted PATMI	**(57,904)**	303,758

Explanation of adjusting items

(a) EBITDA is calculated as (loss)/profit before tax, adding back depreciation and amortisation and finance costs (net). EBITDA is presented because the Group believes this is a useful measure to determine the Group's financial condition and historical ability to provide investment returns.

(b) Changes in fair value of financial derivative assets relates to gain/loss arising from change in fair value of a put option agreement entered into by the Group's subsidiaries with an agreed floor price to sell its investment in an associate. The fair value is capital in nature and is a non-operational item, which is not directly related to the Group's operating activities.

(c) Impairment of assets held for sale recorded within "Administrative expenses" represents write-down of non-core divestments relating to USHT.

(d) Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss which is non-cash in nature and divestment of non-core assets. Accordingly, it is adjusted out to better reflect the underlying operating activities.

(e) Share-based compensation expense represents share-based incentives which are primarily non-cash in nature.

(f) On 20 January 2022, the Company completed the acquisition of ARA. In connection with the acquisition, the Group adjusted the following items which are not directly related to the operating activities:-

    (i) share-based compensation expenses relating to ARA which represents share-based incentive granted pursuant to the Company's Long-term Incentive Scheme which were incurred as part of the acquisition; and

    (ii) amortisation relating to intangible assets arising from acquisition of ARA, net of tax, recorded within "Administrative expenses" represents management rights recognised that are non-cash and non-operational in nature. Accordingly, it is not directly correlated to the Group's business performance in a given period.

(g) As announced on 13 May 2024, the Company received a non-binding and conditional proposal from a consortium of investors for a possible privatisation of the Company which, if proceeded with, could result in a delisting of the Company from the Stock Exchange (the "**Indicative Proposal**"). During the period ended 30 June 2024, the Company has incurred transaction costs in relation to the Indicative Proposal. The transaction costs is a non-operational item, which is not directly related to the Group's operating activities.

(h) Fair value changes on investment properties represents the changes in fair value which are non-cash in nature. Accordingly, it is adjusted from EBITDA.

LIQUIDITY AND CAPITAL RESOURCES

	As at 30 June 2024 US$'000	As at 31 December 2023 US$'000
Bank and other borrowings		
– Current	**1,194,316**	899,884
– Non-current	**4,996,747**	5,079,669
Bank and other borrowings — Total	**6,191,063**	5,979,553
Less: Cash and bank balances	**(1,064,404)**	(1,001,568)
Net debt	**5,126,659**	4,977,985
Total assets	**15,859,054**	16,191,075
Gearing ratio (net debt/total assets)	**32.3%**	30.7%
Total equity	**8,090,256**	8,728,754
Net debt to equity ratio	**63.4%**	57.0%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June **2024** **(Unaudited)** **US$'000**	2023 (Unaudited) US$'000
REVENUE	3, 4	**312,468**	455,407
Cost of sales		**(27,194)**	(12,684)
Gross profit		**285,274**	442,723
Other income and gains, net	4	**8,370**	214,796
Administrative expenses		**(321,705)**	(204,481)
Finance costs	6	**(153,640)**	(158,789)
Share of profits and losses of joint ventures and associates, net		**(7,254)**	78,382
(Loss)/profit before tax		**(188,955)**	372,631
Income tax expense	5	**(20,013)**	(58,761)
(Loss)/profit for the period		**(208,968)**	313,870
Attributable to:			
Owners of the Company		**(218,719)**	288,965
Non-controlling interests		**9,751**	24,905
		(208,968)	313,870
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
For (loss)/profit for the period	8	**US$(0.05)**	US$0.06
Diluted			
For (loss)/profit for the period	8	**US$(0.05)**	US$0.06

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
(Loss)/profit for the period	**(208,968)**	313,870
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(7,918)**	(61,576)
Effect of hedge	**6,392**	(3,538)
Share of other comprehensive loss of joint ventures and associates	**(115,243)**	(71,394)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(116,769)**	(136,508)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income	**(91,508)**	(48,176)
Share of fair value reserve of associates and joint ventures	**65**	4,071
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(91,443)**	(44,105)
Other comprehensive loss for the period, net of tax	**(208,212)**	(180,613)
Total comprehensive (loss)/income for the period	**(417,180)**	133,257
Attributable to:		
Owners of the Company	**(419,528)**	118,378
Non-controlling interests	**2,348**	14,879
	(417,180)	133,257

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**30 June 2024 (Unaudited) US$'000**	31 December 2023 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**55,144**	51,536
Right-of-use assets		**32,252**	29,356
Investments in joint ventures and associates		**3,308,541**	3,381,555
Financial assets at fair value through profit or loss		**764,300**	802,820
Financial assets at fair value through other comprehensive income		**851,325**	1,050,442
Investment properties	9	**2,865,245**	3,201,372
Goodwill		**3,350,594**	3,469,442
Other intangible assets		**1,199,952**	1,302,936
Other non-current assets		**377,333**	362,291
Deferred tax assets		**83,186**	88,870
Total non-current assets		**12,887,872**	13,740,620
CURRENT ASSETS			
Trade receivables	10	**365,429**	532,861
Prepayments, other receivables and other assets		**498,477**	564,954
Financial assets at fair value through profit or loss		**38,452**	34,494
Cash and bank balances		**1,064,404**	1,001,568
		1,966,762	2,133,877
Assets of a disposal group classified as held for sale		**1,004,420**	316,578
Total current assets		**2,971,182**	2,450,455
CURRENT LIABILITIES			
Bank and other borrowings	12	**1,194,316**	899,884
Lease liabilities		**11,358**	11,367
Trade payables, accruals and other payables	11	**557,380**	360,709
Contingent consideration payable		**7,458**	6,746
Income tax payable		**86,253**	95,543
		1,856,765	1,374,249
Liabilities directly associated with the assets classified as held for sale		**328,764**	255,977
Total current liabilities		**2,185,529**	1,630,226
NET CURRENT ASSETS		**785,653**	820,229
TOTAL ASSETS LESS CURRENT LIABILITIES *(to be continued)*		**13,673,525**	14,560,849

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2024

	Note	**30 June 2024 (Unaudited) US$'000**	31 December 2023 (Audited) US$'000
TOTAL ASSETS LESS CURRENT LIABILITIES *(continued)*		**13,673,525**	14,560,849
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**538,528**	580,838
Bank and other borrowings	12	**4,996,747**	5,079,669
Lease liabilities		**23,449**	20,590
Contingent consideration payable		**6,485**	11,664
Other non-current liabilities		**18,060**	139,334
Total non-current liabilities		**5,583,269**	5,832,095
NET ASSETS		**8,090,256**	8,728,754
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,213**	4,280
Perpetual capital securities		**742,878**	742,866
Other reserves		**7,016,689**	7,663,366
		7,763,780	8,410,512
Non-controlling interests		**326,476**	318,242
TOTAL EQUITY		**8,090,256**	8,728,754

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(188,955)**	372,631
Adjustments for:		
Amortisation of other intangible assets	**17,343**	13,855
Changes in carrying value of financial assets and financial liabilities at fair value through profit or loss	**17,416**	(140)
Changes in fair value of financial derivative assets	**4,532**	–
Changes in fair value of assets held for sale	**5,429**	(3,495)
Depreciation of property, plant and equipment	**3,019**	3,211
Depreciation of right-of-use assets	**7,320**	5,950
Dividend income	**(41,667)**	(52,694)
Fair value losses/(gains) on completed investment properties	**60,615**	(3,908)
Fair value gains on investment properties under construction	**(30,871)**	(111,399)
Finance costs	**153,640**	158,789
Gain on disposal of interests in joint ventures and associates	**–**	(64)
Gain on disposal of investment properties	**–**	(13,650)
Gain on disposal of subsidiaries	**(5,373)**	(199)
Gain on disposal of interests in financial assets at fair value through profit or loss	**–**	(1,853)
(Gain)/loss on disposal of property, plant and equipment	**(44)**	47
Impairment of investments in joint ventures and associates	**2,905**	–
Impairment of assets held for sale	**97,411**	–
Impairment of trade receivables and bad debt written off	**1,351**	–
Interest income	**(14,547)**	(16,988)
Loss on disposal of assets held for sale	**–**	441
Management fee received/receivable in units	**(21,613)**	(20,319)
Other income	**–**	(1,373)
Share-based compensation expense	**5,759**	12,281
Share of profits and losses of joint ventures and associates, net	**7,254**	(78,382)
	80,924	262,741
Decrease/(increase) in trade receivables	**142,749**	(141,953)
Increase in prepayments, other receivables and other assets	**(7,912)**	(27,444)
Decrease in trade payables, accruals and other payables	**(25,403)**	(12,598)
Cash flows generated from operations	**190,358**	80,746

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Cash flows from operating activities *(continued)*		
Income tax paid	**(28,777)**	(60,645)
Dividend income received from financial assets at fair value through profit or loss	**1,540**	910
Disposal of financial assets at fair value through profit or loss	**–**	931
Net cash flows generated from operating activities	**163,121**	21,942
Cash flows from investing activities		
Acquisition of subsidiaries	**–**	(25,442)
Additions of investment properties	**(170,008)**	(180,938)
Additions of other intangible assets	**(425)**	(576)
Additions of property, plant and equipment	**(8,416)**	(5,235)
Advances to related parties and joint ventures	**(22,551)**	(14,585)
Capital injection in joint ventures and associates	**(140,515)**	(396,444)
Capital injection in financial assets at fair value through other comprehensive income	**(19,565)**	(94,017)
Capital injection in financial assets at fair value through profit or loss	**(30,954)**	(38,795)
Capital redemption on financial assets at fair value through other comprehensive income	**2,513**	736
Disposal of asset held for sale	**1,015**	–
Disposal of interests in joint ventures and associates	**–**	30,654
Disposal of investment properties	**–**	33,168
Disposal of subsidiaries	**153,590**	2,132
Disposal of financial assets at fair value through profit or loss	**72**	–
Disposal of property, plant and equipment	**255**	–
Distributions from financial assets at fair value through profit or loss	**14,165**	17,943
Distributions from joint ventures and associates	**44,629**	45,687
Release/(Increase) of non-pledged fixed time deposits with a maturity period over three months	**250**	(1,285)
Dividend income from quoted financial assets	**25,593**	31,282
Dividend income from unquoted financial assets	**12,777**	19,957

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Cash flows from investing activities *(continued)*		
Interest received	**6,905**	12,522
Investment in other investments	**(1,444)**	(5,781)
Loan to third parties	**–**	(10,344)
Payment of contingent consideration payables	**(3,895)**	–
Prepayments for acquiring land use rights	**(18,119)**	(38,934)
Repayment of loan to directors of the Company	**2,400**	–
Net cash flows used in investing activities	**(151,728)**	(618,295)
Cash flows from financing activities		
Acquisition of non-controlling interests	**(8,999)**	(3,961)
Capital contributions from non-controlling interests	**4,932**	5,413
Changes in pledged bank deposits and restricted cash balance	**4,688**	(4,254)
Distribution paid to holders of perpetual capital securities	**(20,815)**	(20,646)
Dividend distributions to non-controlling interests	**–**	(1,075)
Dividend distributions to shareholders	**(67,375)**	(69,886)
Interest on bank and other borrowings paid	**(149,770)**	(155,233)
Principal portion of lease payments	**(7,589)**	(6,482)
Proceeds from bank and other borrowings	**593,175**	829,312
Repayment of bank and other borrowings	**(112,168)**	(497,407)
Share repurchased	**(78,085)**	(67,996)
Transfer of interest to non-controlling interests without change of control	**–**	2,912
Net cash generated from financing activities	**157,994**	10,697

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Net increase/(decrease) in cash and cash equivalents	**169,387**	(585,656)
Cash and cash equivalents at beginning of period	**924,938**	1,717,672
Effect of foreign exchange rate changes, net	**(45,677)**	(66,139)
Cash and cash equivalents at end of period	**1,048,648**	1,065,877
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**1,064,404**	1,126,130
Cash and short-term deposits attributable to the disposal group held for sale	**64,773**	31,410
Non-pledged fixed time deposits with a maturity period over three months	**(3,600)**	(1,285)
Pledged bank deposits	**(176)**	(2,902)
Restricted bank balances	**(76,753)**	(87,476)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**1,048,648**	1,065,877

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

ESR Group Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 14 June 2011. The registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The address of head office and principal place of business is at Suites 2905–06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Group is principally engaged in logistics real estate development, leasing, management and fund management platforms in the Asia Pacific region.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standards ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss, and financial derivative assets and liabilities which have been measured at fair value. Non-current assets and disposal group held for sale are stated at the lower of its carrying amount and fair value less cost to sell. These financial statements are presented in US dollars ("**US$**"), with values rounded to nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has adopted the following revised IFRSs for the first time for the current period's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The adoption of the revised IFRSs did not have any impact on the Group's financial positions and performance or result in any significant changes to the Group's significant accounting policies.

3. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) Investment segment is divided into three main categories: (i) properties that the Group holds on balance sheet, from which the Group derives total return, including rental income and appreciation in value, (ii) co-investments funds and investment vehicles and the REIT the Group manages, from which the Group derives dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments.

(b) Fund management segment earns fee income for managing assets on behalf of the Group's capital partners via funds and investment vehicles. Fees include base management fees, asset fund management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rates of return and after the Group's capital partners have received their targeted capital returns.

(c) New Economy development segment earns development profit through the development, construction and sale of completed investment properties. The development profit includes construction income, fair value gains on investment properties under construction and gains on disposal of subsidiaries. The Group also derives pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles managed by the Group in proportion to the Group's co-investments in those funds and investment vehicles.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, exchange differences, depreciation and amortisation, share-based compensation expense and corporate expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Six months ended 30 June 2024			
	Investment (Unaudited) US$'000	Fund management (Unaudited) US$'000	New Economy development (Unaudited) US$'000	Total (Unaudited) US$'000
Segment revenue	38,242	253,656	20,570	312,468
– Intersegment sales	–	6,514	–	6,514
	38,242	260,170	20,570	318,982
Reconciliation:				
Elimination of intersegment sales	–	(6,514)	–	(6,514)
Revenue from continuing operations	38,242	253,656	20,570	312,468
Operating expenses	(19,021)	(96,363)	(31,621)#	(147,005)
Fair value (losses)/gains on investment properties	(60,615)	–	30,871	(29,744)
Dividend income	41,667	–	–	41,667
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(18,965)	(17)	1,566	(17,416)
Changes in fair value of assets held for sale	–	–	(5,429)	(5,429)
Changes in fair value of financial derivative assets	–	(4,532)	–	(4,532)
Share of profits and losses of joint ventures and associates, net	(44,840)	16,621	20,965	(7,254)
Gain on disposal of subsidiaries	–	–	5,373	5,373
Impairment of investments in joint ventures and associates	–	–	(2,905)	(2,905)
Impairment of assets held for sale	(97,411)	–	–	(97,411)
Segment result	(160,943)	169,365	39,390	47,812
Reconciliation:				
Depreciation and amortisation				(27,682)
Exchange loss				(4,681)
Interest income				14,547
Finance costs				(153,640)
Share-based compensation expense				(5,759)
Other unallocated gains				3,906
Corporate and other unallocated expenses				(63,458)
Loss before tax from continuing operations				(188,955)
Other segment information:				
Depreciation and amortisation				(27,682)
Capital expenditure*				207,914
Investments in joint ventures and associates				3,308,541

Included construction cost of US$15,539,000

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Six months ended 30 June 2023			
	Investment (Unaudited) US$'000	Fund management (Unaudited) US$'000	New Economy development (Unaudited) US$'000	Total (Unaudited) US$'000
Segment revenue	39,849	402,932	12,626	455,407
– Intersegment sales	–	5,939	–	5,939
	39,849	408,871	12,626	461,346
Reconciliation:				
Elimination of intersegment sales	–	(5,939)	–	(5,939)
Revenue from continuing operations	39,849	402,932	12,626	455,407
Operating expenses	(12,893)	(91,350)	(22,258)#	(126,501)
Fair value gains on investment properties	3,908	–	111,399	115,307
Dividend income	51,505	1,189	–	52,694
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(7,891)	(24)	8,055	140
Changes in fair value of assets held for sale	3,339	–	156	3,495
Share of profits and losses of joint ventures and associates, net	42,742	14,580	21,060	78,382
Gain/(Loss) on disposal of subsidiaries	–	(2)	201	199
Gain on disposal of interests in joint ventures and associates	–	–	64	64
Gain on disposal of interests in financial assets at fair value through profit or loss	69	–	1,784	1,853
Gain on disposal of investment properties	–	–	13,650	13,650
Loss on disposal of assets held for sale	(441)	–	–	(441)
Other income	–	1,373	1,000	2,373
Segment result	120,187	328,698	147,737	596,622
Reconciliation:				
Depreciation and amortisation				(23,016)
Exchange gain				3,029
Interest income				16,988
Finance costs				(158,789)
Share-based compensation expense				(12,281)
Other unallocated gains				5,449
Corporate and other unallocated expenses				(55,371)
Profit before tax from continuing operations				372,631
Other segment information				
Depreciation and amortisation				(23,016)
Capital expenditure*				176,539
Investments in joint ventures and associates				3,292,677

Included construction cost of US$2,699,000

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of subsidiaries.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Greater China	**87,746**	81,227
Japan	**27,511**	46,545
South Korea	**22,391**	146,351
Australia and New Zealand	**75,803**	80,751
Southeast Asia	**69,482**	75,804
India	**5,775**	5,272
Europe	**20,562**	16,373
USA and Others	**3,198**	3,084
	312,468	455,407

The revenue information of continuing operations above is based on the locations of the assets.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the financial period ended 30 June 2024, no major customer information is presented in accordance with IFRS 8 Operating Segments (30 June 2023: US$76,713,000 from fund management segment).

4. **REVENUE AND OTHER INCOME AND GAINS, NET**

(a) Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Rental income from investment property operating leases	**34,998**	36,695
Management fee	**253,656**	402,932
Construction income	**20,570**	12,626
Solar energy income	**3,244**	3,154
Total	**312,468**	455,407

4. REVENUE AND OTHER INCOME AND GAINS, NET *(Continued)*

(a) Revenue *(Continued)*

Timing of revenue recognition

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Rental income from investment property operating leases	**34,998**	36,695
Point in time		
Management fee	**25,540**	46,025
Over time		
Management fee	**228,116**	356,907
Construction income	**20,570**	12,626
Solar energy income	**3,244**	3,154
	312,468	455,407

(b) Other income and gains, net

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	**(17,416)**	140
Changes in fair value of assets held for sale	**(5,429)**	3,495
Changes in fair value of financial derivative assets	**(4,532)**	–
Dividend income	**41,667**	52,694
Exchange gain	**–**	3,029
Fair value (losses)/gains on completed investment properties	**(60,615)**	3,908
Fair value gains on investment properties under construction	**30,871**	111,399
Gain on disposal of interests in financial assets at fair value through profit or loss	**–**	1,853
Gain on disposal of interests in joint ventures and associates	**–**	64
Gain on disposal of investment properties	**–**	13,650
Gain on disposal of subsidiaries	**5,373**	199
Loss on disposal of assets held for sale	**–**	(441)
Interest income	**14,547**	16,988
Others	**3,904**	7,818
	8,370	214,796

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Current tax	**24,737**	26,511
Deferred tax	**(4,724)**	32,250
	20,013	58,761

6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Interest expense on bank loans	**156,312**	147,186
Interest expense on other borrowings	**1,208**	980
Interest expense on bonds	**6,843**	8,693
Interest expense on convertible bonds	**–**	2,603
Interest accretion on convertible bonds (note (i))	**–**	5,289
Interest expense on lease liabilities	**845**	850
	165,208	165,601
Less: Interest capitalised	**(11,568)**	(6,812)
	153,640	158,789

Note:

(i) Related to non-cash portion associated with the equity element of the convertible bonds.

7. DIVIDENDS

On 21 March 2024, the board of directors declared a final dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2023 (2022: final dividend of HK$12.5 cents per ordinary share for financial year ended 31 December 2022), amounting to approximately US$67,375,000 (2022 final dividend: US$69,886,000).

The final dividend of US$67,375,000 was paid by the Company during the six months ended 30 June 2024 (30 June 2023: US$69,886,000).

The Board has not recommended any interim dividend for the financial year ending 31 December 2024 (six months ended 30 June 2023: interim dividend of HK$12.5 cents per ordinary share for the financial year ended 31 December 2023, amounting to US$69,744,000).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	US$'000	US$'000
(Loss)/earnings:		
(Loss)/profit attributable to owners of the Company	**(218,719)**	288,965
Distributions to holders of perpetual capital securities issued by a subsidiary	**(13,506)**	(13,546)
(Loss)/profit used to determine basic earnings per share	**(232,225)**	275,419
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation (in thousands)	**4,226,905**	4,403,420
Basic (loss)/earnings per share (US$)	**(0.05)**	0.06
Diluted (loss)/earnings per share (US$)	**(0.05)**	0.06

9. INVESTMENT PROPERTIES

	Completed investment properties US$'000	Investment properties under construction US$'000	Total US$'000
At 1 January 2023	1,260,119	2,062,113	3,322,232
Additions	2,686	317,391	320,077
Disposal of subsidiaries	(134,042)	(332,826)	(466,868)
Disposal	–	(42,836)	(42,836)
Changes in fair values of investment properties	(1,787)	189,509	187,722
Transfer from investment properties under construction to completed investment properties	870,080	(870,080)	–
Reclassification to assets of a disposal group held for sale	–	(3,233)	(3,233)
Exchange realignment	(34,236)	(81,486)	(115,722)
At 31 December 2023 (Audited) and 1 January 2024	**1,962,820**	**1,238,552**	**3,201,372**
Additions	**–**	**197,035**	**197,035**
Disposal of subsidiaries	**(37,263)**	**(76,714)**	**(113,977)**
Changes in fair values of investment properties	**(60,615)**	**30,871**	**(29,744)**
Reclassification to assets of a disposal group held for sale	**(60,347)**	**(221,910)**	**(282,257)**
Exchange realignment	**(39,261)**	**(67,923)**	**(107,184)**
At 30 June 2024 (Unaudited)	**1,765,334**	**1,099,911**	**2,865,245**

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at 30 June 2024 and 31 December 2023, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2024 (Unaudited) US$'000	As at 31 December 2023 (Audited) US$'000
Within 90 days	**332,086**	510,818
91 to 180 days	**12,750**	6,347
Over 180 days	**20,593**	15,696
Total	**365,429**	532,861

11. TRADE PAYABLES

An ageing analysis of trade payables as at 30 June 2024 and 31 December 2023, based on the invoice date, is as follows:

	As at 30 June 2024 (Unaudited) US$'000	As at 31 December 2023 (Audited) US$'000
Within 30 days	**16,358**	11,939
31 to 60 days	**1,017**	156
Over 60 days	**835**	1,586
Total	**18,210**	13,681

12. BANK AND OTHER BORROWINGS

	As at 30 June 2024		As at 31 December 2023	
	Effective interest rate (%)	**(Unaudited) US$'000**	Effective interest rate (%)	(Audited) US$'000
Current				
Bank loans – secured	**1.77–9.15**	**303,138**	1.77–9.90	111,904
Bank loans – unsecured	**3.55–7.66**	**718,685**	3.55–7.67	720,913
Other borrowings – unsecured	**10.00**	**6,603**	10.00	6,714
Bonds – unsecured	**5.10**	**165,890**	4.15	60,353
		1,194,316		899,884
Non-current				
Bank loans – secured	**0.62–9.60**	**1,174,227**	0.62–9.90	1,221,658
Bank loans – unsecured	**0.78–8.16**	**3,635,918**	0.66–8.17	3,480,574
Bonds – unsecured	**1.16–1.68**	**186,602**	1.16–5.10	377,437
		4,996,747		5,079,669
		6,191,063		5,979,553

12. BANK AND OTHER BORROWINGS *(Continued)*

Debt maturity profile of bank and other borrowings:

	As at 30 June 2024 (Unaudited) US$'000	As at 31 December 2023 (Audited) US$'000
Bank loans repayable		
Within one year	**1,021,823**	832,817
In the second year	**493,065**	364,595
In the third to fifth year, inclusive	**3,842,891**	3,940,737
Beyond five years	**474,189**	396,900
	5,831,968	5,535,049
Bonds and other borrowings repayable		
Within one year	**172,493**	67,067
In the second year	**–**	168,745
In the third to fifth year, inclusive	**124,249**	138,889
Beyond five years	**62,353**	69,803
	359,095	444,504
	6,191,063	5,979,553

INTERIM DIVIDEND

Interim Dividend

The Board has decided to not recommend the payment of an interim dividend for the six months ended 30 June 2024. However, the Board will review the declaration of a final dividend at the Board meeting for the annual results of the Company for the financial year ending 31 December 2024.

An interim dividend of HK$12.5 cents per share, representing a total payout of approximately HK$547 million was declared for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Share Repurchase

The Directors of the Company have been granted the general mandate (the "**Repurchase Mandate**") pursuant to resolutions of the Shareholders passed on 7 June 2023 and 31 May 2024, to repurchase shares of the Company (the "**Shares**") in the open market from time to time. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares as at date of passing such resolution.

During the six months ended 30 June 2024, the Company had repurchased, under the Repurchase Mandate, a total of 55,126,800 Shares representing approximately 1.31% of the issued Shares as at 30 June 2024 for a consideration of approximately HK$562.8 million (approximately US$72.0 million, excluding transaction cost).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES *(Continued)*

Month	Number of Shares repurchased	Purchase price per Share		Aggregate Consideration
		Highest	Lowest	
		HK$	HK$	HK$ million
January 2024	37,416,600	11.16	9.64	392.4
February 2024	17,710,200	10.38	9.02	170.4
Total	55,126,800			562.8

At the date of this announcement, 55,126,800 repurchased Shares during the six months ended 30 June 2024 have been cancelled.

The share repurchase was financed by the Company with its existing available cash.

Shares Purchased By Trustee Under The Long Term Incentive Scheme

During the six months ended 30 June 2024, the Trustee of the Long Term Incentive Scheme of the Company adopted on 2 June 2021 (the "**LTIS**"), pursuant to the rules and trust deed of the LTIS, purchased on the Stock Exchange a total of 2,475,000 Shares at a total consideration of approximately US$2.6 million (approximately HK$20.6 million, excluding transaction costs).

Saved as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company. The Company has not held and did not hold any treasury Shares (as defined under the Listing Rules) during the six months ended 30 June 2024 and as at 30 June 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view of enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders of the Company as a whole. The Company has applied the principles of, and complied with, the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by Directors. The Company has adopted a code of conduct regarding all Directors', officers and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code. In response to specific enquiries made, all Directors confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2024. Please refer to the Company's announcement dated 20 March 2024 with respect to the dealing of shares of the Company by Mr. Charles Alexander Portes and Mr. Stuart Gibson under exceptional circumstances within the meaning of paragraph C.14 of Appendix C3 to the Listing Rules.

AUDIT COMMITTEE

The Company established the audit committee of the Company (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. As at the date of this announcement, the Audit Committee comprises Mr. Simon James McDonald (chairman of the Audit Committee), Mr. Brett Harold Krause and Ms. Serene Siew Noi Nah, all of whom are Independent Non-executive Directors.

The Audit Committee has reviewed the Company's interim condensed consolidated results for the six months ended 30 June 2024 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

The interim results for the six months ended 30 June 2024 have been prepared in accordance with IFRSs.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of financial position, interim condensed consolidated statement of cash flows and the related notes thereto for the six months ended 30 June 2024 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's interim condensed consolidated financial statements for the Period. Ernst & Young, the Company's external auditor, has been engaged by the Company to conduct a review of the Group's interim condensed consolidated financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (http://www.esr.com) respectively. The interim report for the six months ended 30 June 2024 containing all the information required by Appendix D2 to the Listing Rules will be dispatched (if requested) to the shareholders of the Company and will be available on the same websites in due course.

By Order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 21 August 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, Mr. Rajeev Veeravalli Kannan and Ms. Joanne Sarah McNamara as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, and Ms. Serene Siew Noi Nah as Independent Non-executive Directors.