



**ESR**

**STRENGTH  
IN UNITY**

**Interim Report  
2024**

**ESR Group Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

## ABOUT ESR GROUP

ESR Group (“**ESR**”) is Asia-Pacific’s (“**APAC**”) leading New Economy real asset manager and one of the largest listed real estate investment managers globally. Its fully integrated fund management and development platform extends across Australia/New Zealand, Japan, South Korea, Greater China, Southeast Asia (“**SEA**”), and India, including a presence in Europe and the United States (“**U.S.**”). ESR provides investors with a diverse range of real asset investment and development solutions across private and public investment vehicles. Its focus on New Economy real assets offers customers modern solutions for logistics, data centres, life sciences, infrastructure, and renewables. ESR’s purpose, Space and Investment Solutions for a Sustainable Future, drives the Group to manage sustainably and impactfully for the communities where it operates and the spaces it develops to thrive for generations to come. ESR Group is listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (HKSE: 1821.HK).

Visit [www.esr.com](http://www.esr.com) for more information.



### FUND MANAGEMENT

ESR manages a broad range of funds and investment vehicles that invest in a diverse portfolio of premium real assets in various stages of the property life cycle, providing a single interface with multiple investment opportunities for its capital partners.



### NEW ECONOMY DEVELOPMENT

ESR’s New Economy development platform has a comprehensive suite of technical capabilities and services covering every stage of the development cycle including land sourcing, design, construction and leasing.



### INVESTMENT

ESR’s investments comprise co-investments into its funds and REITs under management, investments in listed/private held real estate investment vehicles, as well as investment properties (completed and under development).



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# APAC's Largest Real Asset Manager Powered by the New Economy<sup>1</sup>

FEE-RELATED ASSETS UNDER MANAGEMENT ("AUM")<sup>2,3</sup>

**US\$80 billion**

TOTAL AUM<sup>2,4</sup>

**US\$154 billion**

GROSS FLOOR AREA ("GFA")

**50 million sqm**

## MAINLAND CHINA

**US\$13 billion**  
FEE-RELATED AUM

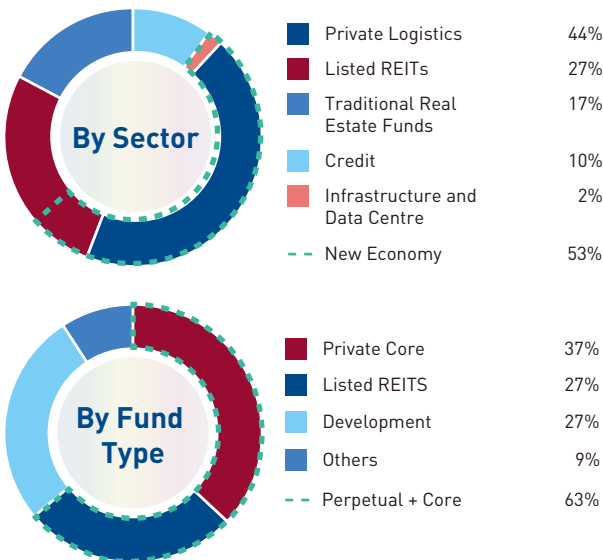


## U.S. AND EUROPE

**US\$13 billion**  
FEE-RELATED AUM



## FEE-RELATED AUM COMPOSITION



## 1H2024 CAPITAL RAISE

**US\$2.3 billion**  
+155% y-o-y

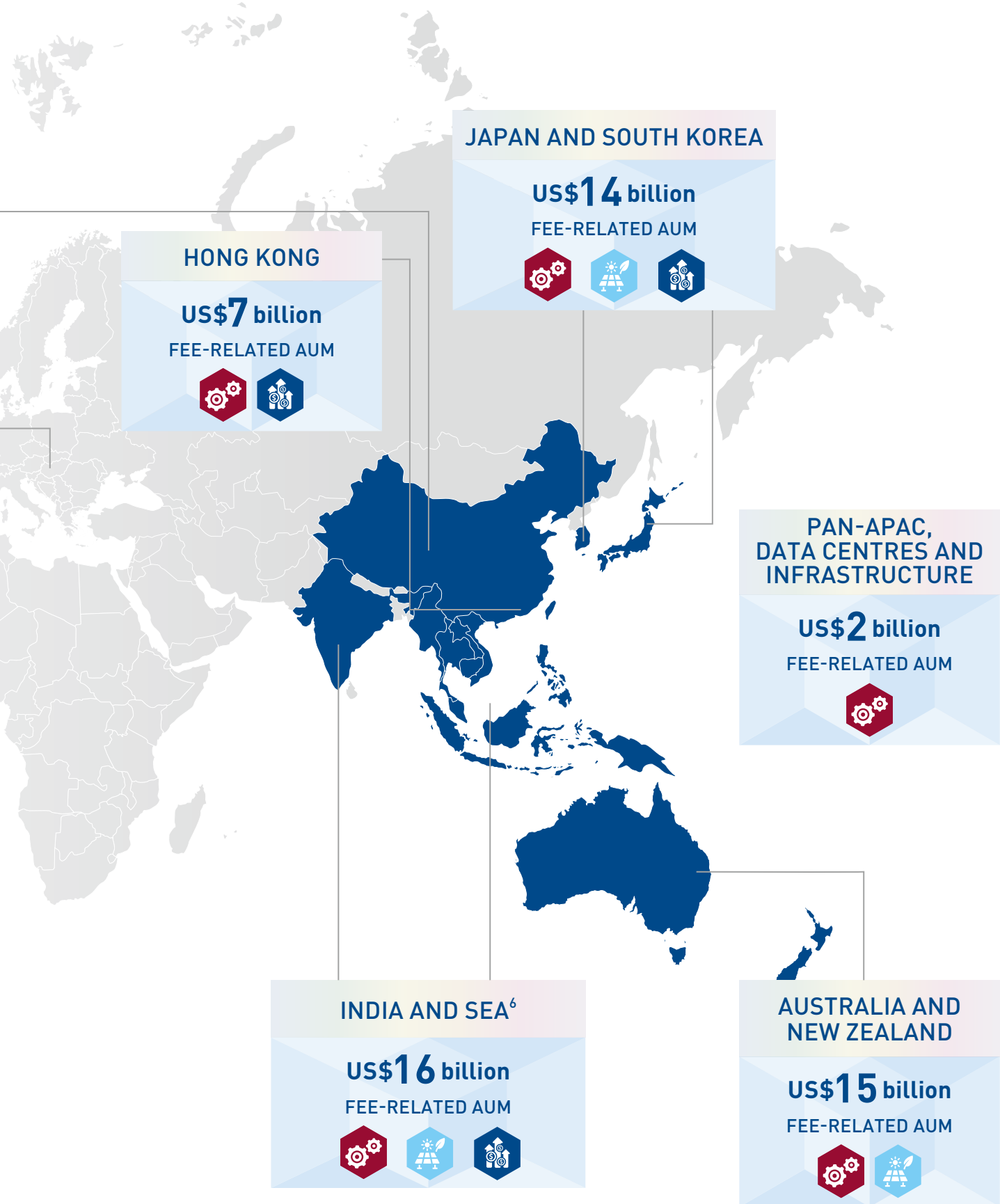
## UNCALLED CAPITAL

**US\$23.7 billion<sup>5</sup>**  
56% New Economy

Notes:

1. Fund Manager Survey 2024 published by ANREV, INREV and National Council of Real Estate Investment Fiduciaries (NCREIF). In September 2024, ESR Group was also ranked number one in PERE's APAC Fund Manager Guide ranking of the top 50 private equity real estate fund managers in 2024
2. Based on FX rates as at 30 June 2024
3. Fee-related AUM excludes AUM from Associates, balance sheet investment properties and levered uncalled capital
4. Total AUM included the reported AUM of the Associates and assumed the value of the uncalled capital commitments in the private funds and investment vehicles on a levered basis
5. Excludes US\$0.3 billion of uncalled capital attributable to ARA Private Funds
6. Includes Singapore listed REITs
- \* Information as of 30 June 2024





New Economy



Alternatives



REITs

# Clear Path to Maximising Shareholder Value

ESR Group remains committed to maximising long-term shareholder value via its five key business priorities to drive sustainable profitable growth.

## 1. Business Simplification and Streamline

- Simplify the business by divesting non-core assets (targeting US\$750 million) primarily in Traditional Economy sectors and/or those with lower operating margins.
- Set up for its next phase of growth across its Logistics, Data Centres, and Infrastructure and Renewables platforms.
- Grow ESR's suite of New Economy fund platforms across the APAC region comprising development funds, core/core-plus funds and listed REITs, to suit a diverse range of capital partners.

## 2. Balance Sheet Optimisation

- Ongoing capital recycling to syndicate balance sheet assets into ESR-managed vehicles to strengthen balance sheet and achieve an optimal capital structure.
- Immediate focus on completing announced US\$1.2 billion syndication and non-core divestments (in gross value).
- Up to US\$1.5 billion – US\$2.0 billion of additional balance sheet sell-downs in the next 12-18 months (in gross value).
- Target to reduce the Group's Gearing towards the low end of the 20-30% range.

## 3. Drive Positive Synergies From a Fully Integrated APAC New Economy Platform

- Complete the integration of two leading New Economy platforms ESR and LOGOS, into one unified business across APAC.
- Leverage economies of scale of the integrated businesses to generate additional revenue opportunities and achieve cost savings.

## 4. Pursue Sustainable Revenue Growth and Cost Management Strategies

- Recycle capital into new and existing fund products to drive recurring Fee Income growth as AUM scales.
- Continue to pursue disciplined cost management strategies to achieve stronger earnings and cashflow.

## 5. Growth in Fund Management EBITDA

- Increase and scale New Economy AUM and development pipeline, as well as establish more perpetual vehicles to underpin continued fund management EBITDA growth.

## UNLOCKING DATA CENTRE OPPORTUNITIES WITH A FAST GROWING DATA CENTRE PLATFORM

**US\$1.35 billion**  
ESR Data Centre Fund 1

**375 MW**  
Under construction by end FY2024

**575 MW**  
Upon completion of 8 sites

**>2 GW**  
Pipeline of land and projects identified

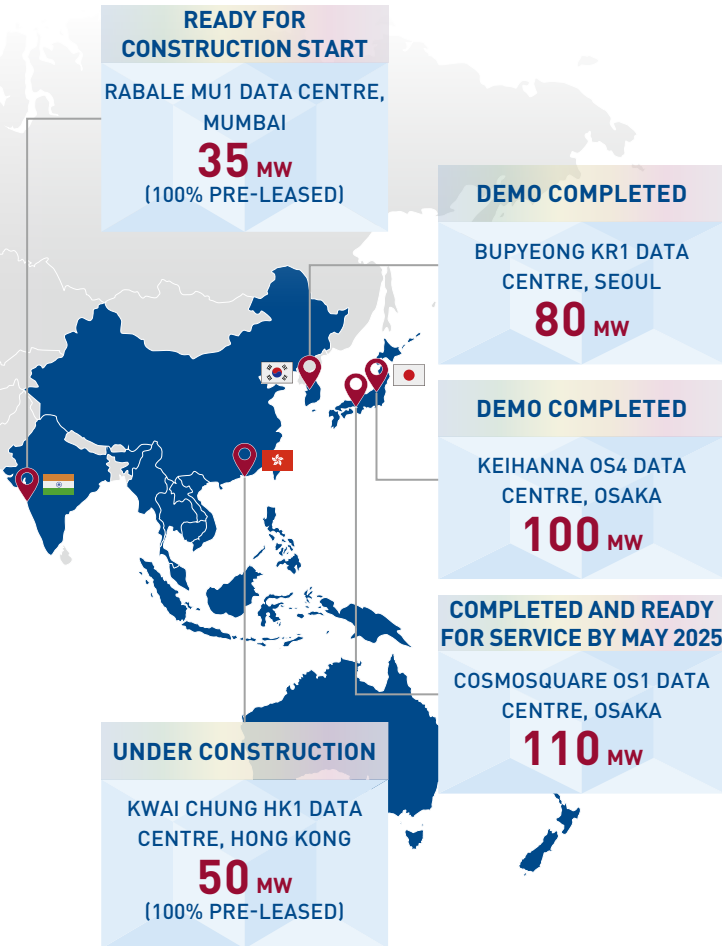
## ACCELERATING DATA CENTRES STRATEGY TO CAPITALISE ON ROBUST AI-DRIVEN DEMAND

ESR is in a unique position to access a substantial pipeline of data centres through both off-market transactions, as well as its development assets, in anticipation of a compound annual growth rate ("CAGR") of approximately 20% in data centre capacity in APAC through to 2028<sup>1</sup>.

ESR is focused on executing its 575 megawatts ("MW") of committed data centre sites in key markets across APAC, with a pipeline of more than two gigawatts ("GW") worth of land and projects currently identified. The Group is on track for 375 MW of projects under construction by the end of FY2024, with the first facility in Japan newly completed and ready for service by May 2025.

Note:

1. Moody's Ratings, July 2024



\* Projects aggregating to 375 MW

**ESR'S COMPETITIVE EDGE**

ESR's six core strengths are its multi-model approach; scale; expertise in design reflecting its commitments to ESG and innovation; strong relationships with its customers; and track record in development in the APAC region. ESR's end-to-end in-house capabilities allow it to unlock the full potential of the largest and one of the fastest-growing data centre regions globally.

Designed with regional Artificial Intelligence ("AI") and cloud expansion in mind, ESR's multi-model approach is powerful in enabling the Group to deliver bespoke solutions both in business model and service provision to its clients and adapt for both operator requirements and unique attributes in each operating market. This is a significant differentiation to its industry peers.

**Multi-model Operating Platform**  
Maximises flexibility and outcome and captures growth, scale and diversification

**Scale**  
Focused in-country dedicated teams supported by the strength of one of Asia's largest real asset manager

**Design and Efficiency with Leading ESG Strategy**  
Working with local design leaders to produce efficient, locally and environmentally friendly solutions to support partners and meet customer needs

**Innovation**  
Designing and building for the next wave of AI backed growth and regional cloud expansion

**Strong Relationships**  
Strong relationships with leading hyperscalers and colocation tenants allow ESR to quickly identify and act on new opportunities

**Track Record**  
Strong track record across the full development process including acquisitions, planning & design, construction and financing — a key differentiator for ESR

# 1H2024 Financial Highlights

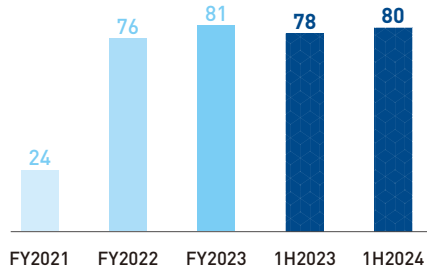


#### Notes:

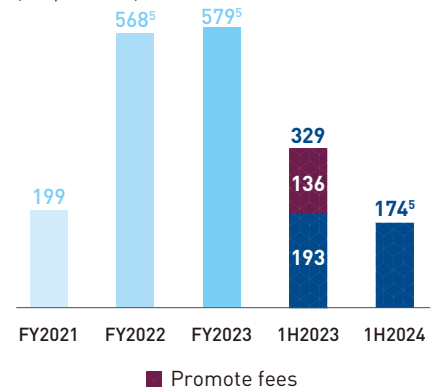
- Based on FX rates as at 30 June 2024
- Fee-related AUM excludes AUM from Associates, balance sheet investment properties and levered uncalled capital
- Total AUM includes the reported AUM of the Associates and assumed the value of the uncalled capital commitments in the private funds and investment vehicles on a levered basis
- Refers to the fund management revenue
- Refers to the fund management segment result which excludes the share of fair value of financial derivative assets in relation to certain Associates
- Calculated as (loss)/profit before tax, adding back depreciation and amortisation and finance costs (net). Excludes the share-based compensation expense, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core divestment; and transaction costs related to the Company's announcement on 13 May 2024 for a possible privatisation of the Company which, if proceeded with, could result in a delisting of the Company from the Stock Exchange ("Transaction Costs related to Indicative Proposal")
- Refers to (loss)/profit after tax and minority interests. Excludes the amortisation of intangible asset attributable to the ARA Acquisition (net of tax), share-based compensation expense related to ARA, share of fair value on investment properties and financial assets at fair value through profit or loss and financial derivative assets in relation to certain Associates, as well as impairment loss for non-core divestment; and Transaction Costs related to Indicative Proposal



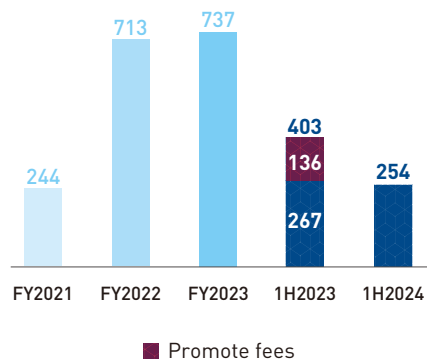
### Fee-related AUM<sup>1,2</sup> (US\$ billion)



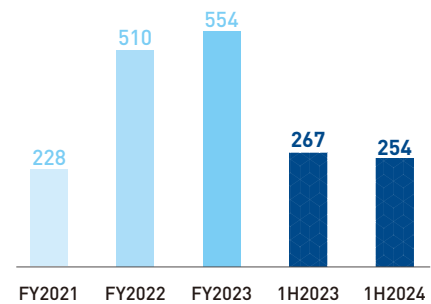
### Fund Management EBITDA (US\$ million)



### Fee Income<sup>4</sup> (US\$ million)



### Fee Income<sup>4</sup> (ex. promote fees) (US\$ million)



Balance Sheet (US\$ million)	FY2021	FY2022	FY2023	1H2024
Total assets	9,338	16,199	16,191	15,859
Cash and bank balances	1,638	1,807	1,002	1,064
Bank and other borrowings	4,248	5,497	5,980	6,191
Net debt <sup>8</sup>	2,610	3,690	4,978	5,127
Net debt/total assets	27.9%	22.8%	30.7%	32.3%

#### Notes:

8. Net debt is calculated as bank and other borrowings less cash and bank balances

\* 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, 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. Refer to non-IFRS measures reconciliation in page 107

## 1H2024 OPERATIONAL HIGHLIGHTS

# LEADER IN NEW ECONOMY BUILT FOR GROWTH





## RESILIENT NEW ECONOMY OPERATING PERFORMANCE

Healthy Portfolio Occupancy<sup>1</sup>

**87% / 94%**

Portfolio Portfolio ex-China

Positive Weighted Average Rental Reversions<sup>1,2</sup>

**+10.7% / +19.4%**

Portfolio Portfolio ex-China

Robust Leasing of Space<sup>1</sup>

**3.9 million sqm**

+86% y-o-y

## APAC'S LARGEST NEW ECONOMY WORKBOOK

Work-in-progress

**US\$13.1 billion**

Targeted Development Margins

**33.5%**

Projected Yield on Cost

**6.7%**

Development Starts

**US\$1.3 billion**

Data Centres

**34%** of Development Starts

Development Completions

**US\$1.5 billion**

Notes:

1. For stabilised New Economy assets only. Excludes listed REITs and Associates
2. Weighted by total New Economy AUM of each respective country



# Management Discussion & Analysis

## BUSINESS REVIEW

ESR is ranked as the largest real asset manager in APAC in the 2024 ANREV Fund Manager Survey<sup>1</sup>, 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<sup>3,4</sup> was US\$80 billion, reflecting a 3-year CAGR<sup>2</sup> of 52%.

The elevated interest rates have substantially dampened the transaction activity and 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*<sup>5</sup> 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 Mainland 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.

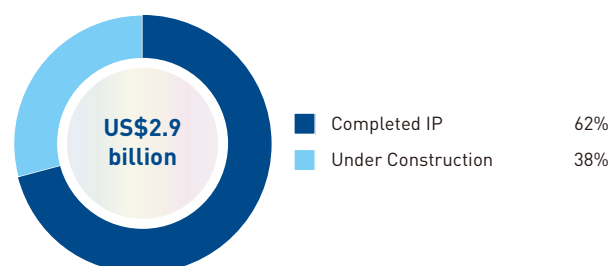
The Group recorded Total Revenue of US\$312 million for 1H2024, with the fund management segment revenue contributing over 80% of this total. Fee Income and fund management EBITDA excluding promote fees stayed resilient — Fee Income excluding promote fees as a percentage of Fee-related AUM was approximately 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 were 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.

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 AI and ongoing digital transformation.

On balance sheet optimisation, the Group is on track to complete approximately US\$0.7 billion worth of asset syndications<sup>6</sup>, 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 to US\$2.0 billion (in gross asset value) of additional balance sheet sell-down.

## Investment Properties

As at 30 June 2024



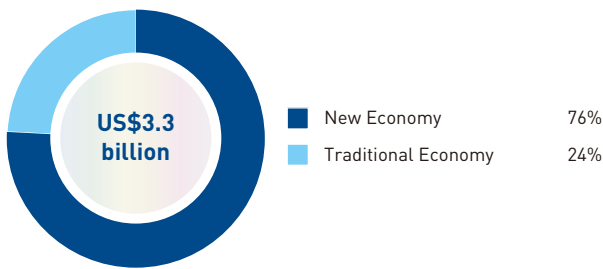
### Notes:

1. Fund Manager Survey 2024 published by ANREV, INREV and National Council of Real Estate Investment Fiduciaries (NCREIF)
2. 3-year CAGR from 1H2021 to 1H2024
3. Based on FX rates as at 30 June 2024
4. Fee-related AUM excludes AUM from Associates and levered uncalled capital
5. *PERE* Fundraising Report H1 2024
6. 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

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<sup>7</sup> (which is pending final regulatory approval and satisfaction of related condition precedents) and the ARA US Hospitality Trust management platform and units (which was completed in July 2024). The net proceeds from these divestments are intended to be used to repay the Group’s borrowings.

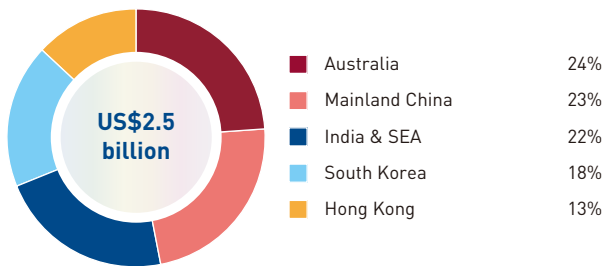
**Investments in Joint Ventures and Associates (“JVA”) by Sector**

As at 30 June 2024



**Investments in JVA (New Economy Sector) by Region**

As at 30 June 2024



On 21 and 26 July 2024, ESR announced the completion of its acquisition of the remaining shares in LOGOS from the founders of LOGOS<sup>8</sup>, 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<sup>9</sup> 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.

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 AI. 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 Fee Income for 1H2024 was US\$254 million, underpinned by stable management fees. Excluding promote fees, Fee Income was 5.0% year-on-year (“y-o-y”), primarily due to slower development progress and project delays in Japan and South Korea. Excluding

Notes:

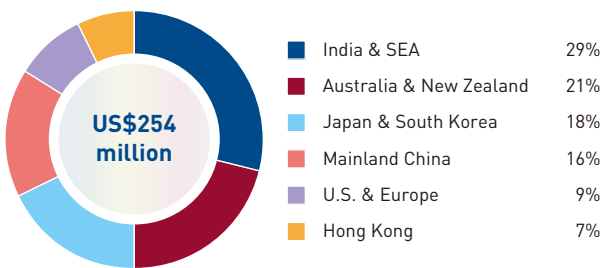
- 7. Refer to the announcement dated 11 March 2024 on the discloseable transaction in relation to the sale of the ARA Private Funds business
- 8. Refer to the announcements dated 21 and 26 July 2024 on the acquisition of the remaining interest in LOGOS
- 9. On deployment of committed capital



# Management Discussion & Analysis

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 fees from asset management, investment management and property management grew 7% y-o-y, underscoring the resilience of the fund management platform. Correspondingly, fund management EBITDA margins excluding promote fees stayed resilient at approximately 70%.

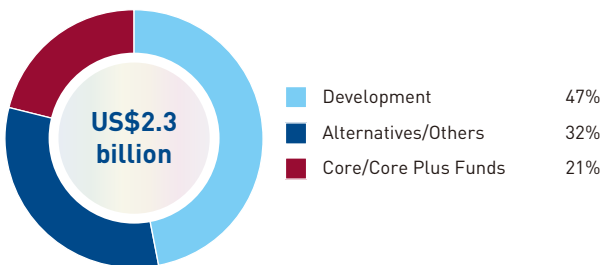
### Fee Income By Region\*



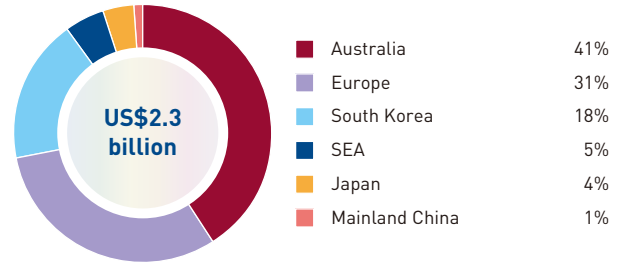
\* Refers to the fund management revenue

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 had 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.

### Capital Raised by Fund Type



### Capital Raised by Region



As at 30 June 2024, the Group had substantial uncalled capital of US\$23.7 billion<sup>10</sup> for deployment to grow Fee-related AUM. Deployments are ongoing across all markets albeit at a cautious pace.

### NEW ECONOMY: HEALTHY OUTLOOK BUT LONGER RUNWAY FOR NEWLY STABILISED ASSETS IN MAINLAND CHINA AND JAPAN

As at 30 June 2024, the portfolio occupancy rate for the Group's New Economy assets<sup>11</sup> 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% y-o-y, and at weighted average rental reversions<sup>12</sup> 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, 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 Mainland 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.

Notes:

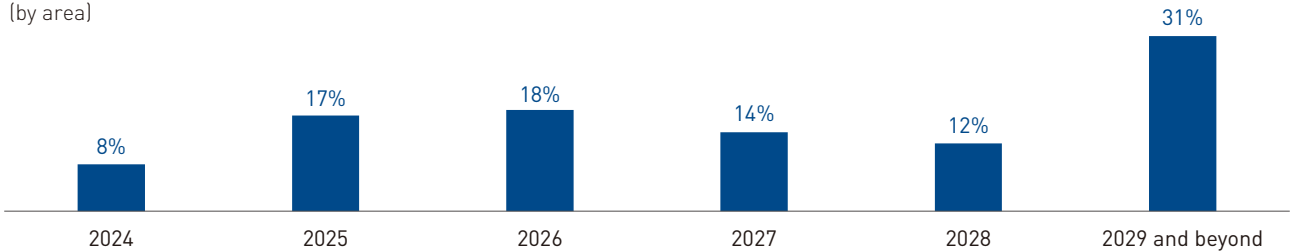
10. Excludes US\$0.3 billion of uncalled capital attributable to ARA Private Funds  
 11. Stabilised New Economy assets; excludes listed REITs and Associates  
 12. Weighted by the AUM of each country

	Australia and New Zealand	Japan	South Korea	Mainland China	India	SEA
Occupancy <sup>11</sup> (%)	98	86	96	77	97	93
Weighted average rental reversion rate <sup>11,12</sup> (%)	27.9	2.3	24.0	-11	N.A.	N.A.

Portfolio Leasing Metrics <sup>11</sup>	1H2023	1H2024
Renewals (mil sqm)	0.7	1.7
New Leases (mil sqm)	1.4	2.2
<b>Total Space Leased</b>	<b>2.1</b>	<b>3.9</b>

**Portfolio Lease Expiry Profile<sup>11</sup>**

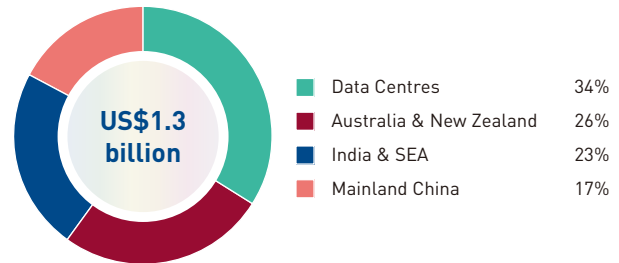
(by area)



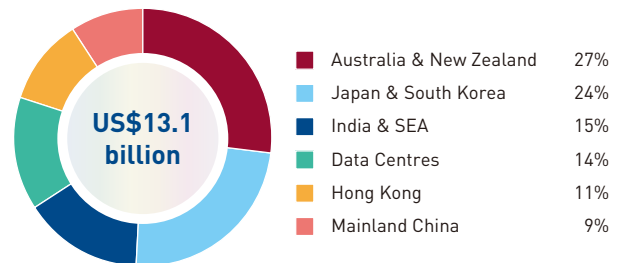
Development activity had adapted to a cautious pace with US\$1.3 billion and US\$1.5 billion of starts and completions respectively in 1H2024. 34% of development starts were projects in data centres, and for regions, 26% were in Australia and New Zealand, 23% of projects were in India and Southeast Asia and 17% were from Mainland China. The Group remains prudent when evaluating any new development starts, or new land acquisitions currently in Mainland China. In the case of development completions, 71% were from Australia and New Zealand, India and Southeast Asia, followed by 18% from Mainland China. The rest were from South Korea. The 23.1 million sqm GFA development pipeline<sup>13</sup> continues to be robust as the Group pursues its development strategy in support of AUM growth.

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%, with projected yield on cost of 6.7%.

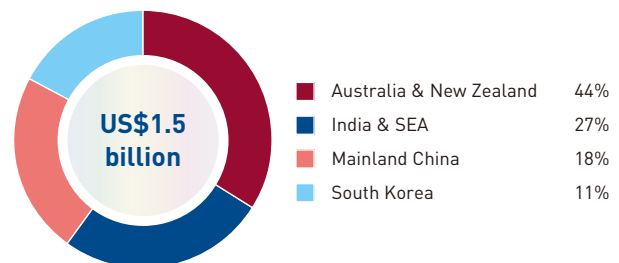
**Development Starts**



**Work in Progress**



**Development Completions**



Notes:

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

# Management Discussion & Analysis

## 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 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 had tapped lower margin financing to refinance more expensive US dollar denominated debt. On the back of interest rate 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<sup>14</sup>.

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%.

## DELIVERING ON ITS 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 Well-being”, “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 has 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.

Notes:

14. Expected completion by end FY2024

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<sup>15</sup>, 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 enable 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 AI.

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-plus 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.

### 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 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 is recognised and the Group did not record any promote fee 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 fees 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 fees from asset management, investment management and property management grew y-o-y 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% y-o-y.

Notes:

15. IMF World Economic Outlook Update, July 2024

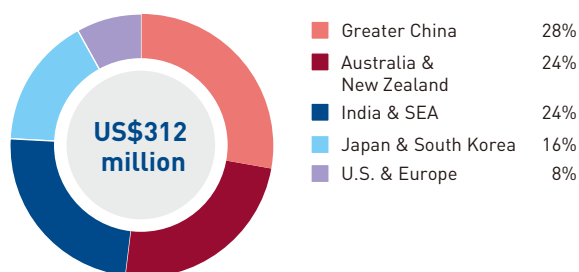
# Management Discussion & Analysis

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.

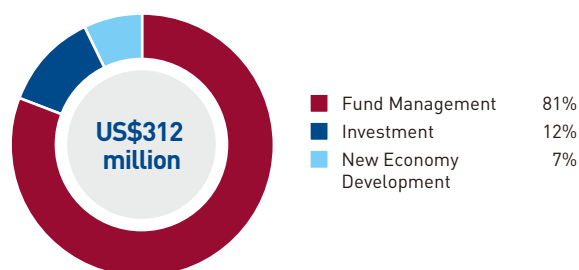
Rental income decreased by 4.6% from US\$36.7 million in 1H2023 to US\$35.0 million in 1H2024. This was mainly attributed to a drop in rental income from assets divested, offset by full six months rental income earned from assets completed in FY2023.

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 U.S. will be nil, following the sale of ARA US Hospitality Trust management platform and units that was completed in July 2024 and the sale of ARA Private Funds which is expected to complete in second half of the year.

## 1H2024 Revenue by Region



## 1H2024 Revenue by Segment



## PATMI AND EBITDA<sup>16</sup>

EBITDA<sup>17</sup> 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<sup>18</sup> 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

- ARA US Hospitality Trust write-down: US\$97.4 million arising from the divestment of the Group's stake in ARA US Hospitality Trust 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.
- 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.

#### Notes:

16. EBITDA, Adjusted EBITDA and Adjusted PATMI are non-IFRS measures. Refer to non-IFRS measures reconciliation in page 107

17. EBITDA is calculated as profit/(loss) before tax, adding back depreciation and amortisation and finance costs (net)

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



### Mainland China

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

- US\$60.0 million arising from the revaluation loss of three balance sheet assets in Mainland 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.
- 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 Mainland 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 30 June 2024, the Group’s weighted average interest costs reduced to 4.9% from 5.3% as at 31 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 the ARA US Hospitality Trust manager and units 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 as mentioned above. Nonetheless, 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 Mainland China to be spun-off to ESR C-REIT, downward fair value 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 the ARA US Hospitality Trust manager and units 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 Mainland China assets in 1H2024.

Segmental Results	1H2024 US\$ million	1H2023 US\$ million	y-o-y variance %
Investment	(161)	120	N.M.
Fund Management	169	329	(48)
New Economy Development	39	148	(73)

### ASSETS AND LIABILITIES

Total assets reported 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 30 June 2024, sales of assets which amounted to US\$114.0 million and downwards valuation of certain properties in Mainland China. The reduction was offset by an increase in the properties under development during the period.

## Management Discussion & Analysis

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 the ARA US Hospitality Trust manager and units 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 the ARA US Hospitality Trust manager and units 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 few investment properties to assets held for disposal; as well as the reclassifications of ARA US Hospitality Trust manager and units and ARA Private Funds as mentioned above.

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.

### 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 ESR Group shares repurchased totalling US\$72.2 million.

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

### CAPITAL MANAGEMENT

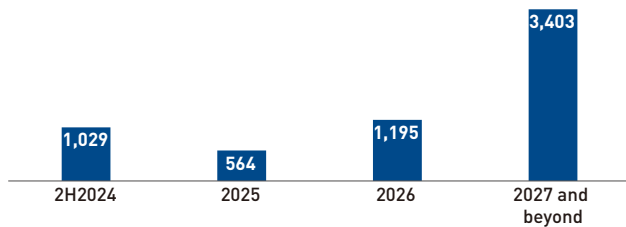
ESR adopts a proactive and disciplined capital management approach, and regularly reviews its liquidity position, debt maturity profile, and refinancing ahead of maturity. The Group maintains a well-capitalised balance sheet, and actively diversifies its funding sources through a combination of facilities with both local and international banks, as well as capital market issuances in optimising its costs of debt. ESR remains disciplined in executing its capital recycling programme, and prudently redeploying capital to support growth.

The Group continues to actively leverage its fund management platform to unlock value and generate higher recurring fund management fees. This meaningfully enhances the Group's tangible return on equity while maintaining sufficient funding capacity across the Group.

Net debt remained constant at US\$5.1 billion compared to US\$5.0 billion as at 31 December 2023. 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.

**Debt Maturity Profile (US\$ million)**

As at 30 June 2024



As at 30 June 2024, the Group’s gearing was 32.3%, with weighted average debt maturity of 4 years (31 December 2023: 5 years). The weighted average interest cost was 4.9% as at 30 June 2024 (31 December 2023: 5.3%) as management has tapped lower margin financing to refinance more expensive US dollar denominated debt. As at 30 June 2024, 10% of the Group’s borrowings was on fixed rate while the remaining 90% was on floating rate basis.

While gearing was 32.3% as at 30 June 2024, it would be approximately 30% upon the impending completion of the sale of ARA Private Funds and the formal launch of the ESR C-REIT. With the ongoing transactions of approximately US\$1 billion in gross value which are pending completion, and another US\$2 billion in the pipeline to be executed, the Group remains committed to reducing its gearing towards the low end of the range of 20–30%.

The Group has exposures to foreign exchange rate fluctuations primarily from its investments and income from its subsidiaries, associates and joint ventures, including Greater China, Japan, South Korea, Australia, Singapore and India. The Group manages and minimises its foreign currency exposures by natural hedges using various currencies at the project and corporate levels.

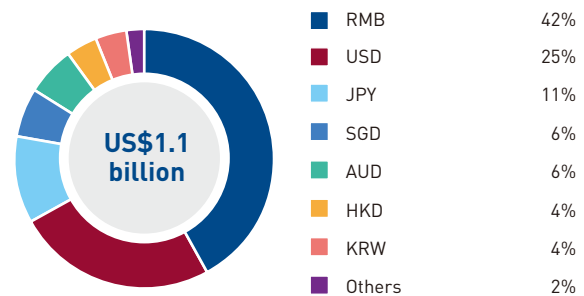
The operating and development activities of each country are funded mainly through project level debts and operating income that are in their respective local currencies. At corporate level, the Group currently funds some of its investments through corporate borrowings in the currency of the country in which the investment is located.

The Group monitors closely the interest and exchange rates movements and assesses the use of financial derivatives as additional tools when appropriate to manage foreign currency and interest rate exposures.

As at 30 June 2024, currency profile of the Group’s cash and bank balances; and bank and other borrowings are as below:

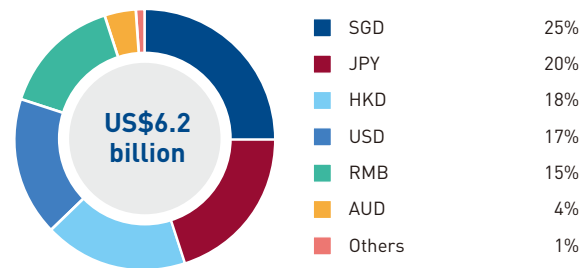
**Cash and Bank Balances**

As at 30 June 2024



**Bank and Other Borrowings**

As at 30 June 2024



**CHARGE OF ASSETS**

As at 30 June 2024, certain of the Group’s assets were pledged to secure bank and other borrowings granted to the Group. The information of the carrying value of assets charged are in Note 18 of the unaudited condensed consolidated financial information. Except for the aforementioned charges, all the Group’s assets are free from any encumbrances.

**CONTINGENT LIABILITIES**

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

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and Chief Executives of the Company in the ordinary shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") are as follows:

#### Interests in the Company

Name of Director	Capacity/nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholdings as at 30 June 2024
Mr. Jinchu Shen	Interest of controlled corporations (Note 2)	319,658,645(L) (Note 3)	7.61%
	Beneficial owner (Notes 5 & 6)	1,145,620(L)	
		320,804,265(L)	
Mr. Stuart Gibson	Other (Note 8)	448,933,103(L)	10.71%
	Interest of controlled corporations (Note 4)	850,000 (L)	
	Beneficial owner (Notes 5 & 6)	1,286,075(L)	
		451,069,178(L)	
Mr. Charles Alexander Portes	Other (Note 8)	448,933,103(L)	10.68%
	Interest of controlled corporations (Note 4)	850,000(L)	
		449,783,103 (L)	
Mr. Hwee Chiang Lim	Interest of controlled corporations (Note 7)	227,859,487(L)	5.51%
	Beneficial owner	4,402,959(L)	
		232,262,446(L)	
Mr. Brett Harold Krause	Beneficial owner	145,000(L)	0.00%
Ms. Jingsheng Liu	Beneficial owner	69,200(L)	0.00%
Ms. Wei-Lin Kwee (retired as Independent Non-Executive Director on 31 May 2024)	Beneficial owner	12,000(L)	0.00%

# Corporate Governance and Other Information

## Notes:

- The Letter "L" denotes the long position in the Shares.
- Laurels Capital Investments Limited directly holds the Shares of the Company and is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr. Jinchu Shen). Mr. Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
- Inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP.
- As at 30 June 2024, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr. Charles Alexander Portes and Mr. Stuart Gibson, respectively. Hence, each of Mr. Charles Alexander Portes and Mr. Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting.
- This represents 192,000 options to subscribe for Shares granted under the Post-IPO Share Option Scheme to each of Mr. Jinchu Shen and Mr. Stuart Gibson. The options granted to Mr. Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr. Stuart Gibson are unlisted derivatives which are not physically or cash settled.
- For each of Mr. Jinchu Shen and Mr. Stuart Gibson, as of 30 June 2024, 261,200 Shares underlying the PSUs were vested, 587,700 Shares were lapsed, with the remaining 130,600 Shares to be vested in 2025. On 20 July 2023, each of Mr. Jinchu Shen and Mr. Stuart Gibson was granted 280,910 Shares underlying the PSUs (will vest in three equal tranches in the second quarter of 2025, 2026 and 2027 respectively, and a payout multiplier (0 to 150%) tied to the achievement level of the pre-determined targets will be applied. The maximum number of Shares underlying the PSUs based on 150% vesting is 421,365); and 280,910 Shares underlying the RSUs (will vest in four equal tranches on the first, second, third and fourth anniversaries of the grant date, subject to fulfilment of relevant vesting conditions).
- JL Investment Group Limited, JL Investment Group II Limited and JL Electron (BVI) Limited directly holds 101,984,984 Shares, 90,984,985 Shares and 34,889,518 Shares respectively, and all of 3 companies are 100% controlled by Mr. Hwee Chiang Lim.
- Redwood Investment Company, Ltd. ("**RIC**") originally held 448,933,103 Shares and is wholly-owned by Redwood Investor (Cayman) Limited. Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr. Charles Alexander Portes and Mr. Stuart Gibson, respectively. Hence, each of Mr. Charles Alexander Portes, Mr. Stuart Gibson, Redwood Investor II (Cayman) Ltd. and Redwood Investor (Cayman) Limited will be deemed to be interested in the Shares held by RIC. The transfer of Shares from RIC to SOF-12 Sequoia Investco Ltd ("**Sequoia Investco**") was completed on 5 April 2024. In connection therewith RIC or its affiliate will have right to receive certain interests in Sequoia Investco or its affiliate, and Sequoia Investco or its affiliate is under an obligation to pay RIC or its affiliate a cash consideration if certain conditions are met.

Save as disclosed above, as at 30 June 2024, none of the Directors and Chief Executives of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as the Directors and Chief Executives of the Company are aware, other than the interests of the Directors and Chief Executives of the Company as disclosed in the section titled "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had, or were deemed to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held (Note 1)	Approximate percentage of shareholdings
Warburg Pincus & Co.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus China GP, L.P.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus China, L.P.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus Partners GP LLC	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus Partners II, L.P.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus Private Equity XII, L.P.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus XII, L.P.	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
WP Global LLC	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%
Warburg Pincus Partners GP LLC	Interest of controlled corporations (Note 2)	591,440,160(L)	14.04%



## Corporate Governance and Other Information

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held <i>(Note 1)</i>	Approximate percentage of shareholdings
Warburg Pincus Partners II, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160(L)	14.04%
Alexandrite Athena GroupCo Ltd	Interest of controlled corporations <i>(Note 2)</i>	591,440,160(L)	14.04%
Alexandrite Gem Holdings Limited	Beneficial owner <i>(Note 2)</i>	503,733,253(L)	11.96%
Alexandrite Gem TopCo Ltd	Interest of controlled corporations <i>(Note 2)</i>	503,733,253(L)	11.96%
Mr. Stuart Gibson	Interest of controlled corporations, beneficial owner and other <i>(Notes 3, 5, 6, 8)</i>	451,069,178(L)	10.71%
Mr. Charles Alexander Portes	Interest of controlled corporations and other <i>(Note 3, 8)</i>	449,783,103(L)	10.68%
Redwood Investment Company, Ltd.	Other <i>(Note 3, 8)</i>	448,933,103(L)	10.66%
Redwood Investor (Cayman) Limited	Other <i>(Note 3, 8)</i>	448,933,103(L)	10.66%
Redwood Investor II (Cayman) Ltd.	Other <i>(Note 3, 8)</i>	448,933,103(L)	10.66%
BSS SCG GP Holdings L.L.C.	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
S Asia Hold Co 1 Private Limited	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SCGG II GP, LLC	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-12 International Management Sarl	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-12 International Master Fund SCSp	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-12 International SCSp	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-12 Master Fund Management Sàrl	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-12 Sequoia Investco Ltd	Beneficial owner <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-XII International Blocker LP	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
SOF-XII Investors GP, LLC	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
Starwood Capital Group Global II, L.P.	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
Starwood Capital Group Holdings GP L.L.C.	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
Starwood Capital Group Holdings L.P.	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%
Starwood XII Management GP, LLC	Interest of controlled corporations <i>(Notes 8, 9)</i>	448,933,103(L)	10.66%

## Corporate Governance and Other Information

Name of shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held (Note 1)	Approximate percentage of shareholdings
Starwood XII Management, LP	Interest of controlled corporations (Notes 8, 9)	448,933,103(L)	10.66%
Mr. Barry Stuart Sternlicht	Interest of controlled corporations (Notes 8, 9)	448,933,103(L)	10.66%
OMERS Administration Corporation	Beneficial owner	456,221,943(L)	10.83%
Mr. Jinchu Shen	Interest of controlled corporations and beneficial owner (Notes 4, 5, 6)	320,804,265(L)	7.61%
Laurels Capital Investments Limited	Beneficial owner (Note 4)	319,658,645(L)	7.59%
Rosy Fortune Limited	Founder of a discretionary trust (Note 4)	319,658,645(L)	7.59%
Tricor Equity Trustee Limited	Trustee (Note 4)	319,658,645(L)	7.59%
The Capital Group Companies, Inc.	Interest of controlled corporations	256,676,474(L)	6.09%
Mr. Hwee Chiang Lim	Interest of controlled corporations and beneficial owner (Note 7)	232,262,446(L)	5.51%
JPMorgan Chase & Co.	Interest of controlled corporations, investment manager, security interest and approved lending agent	213,314,637(L) 12,697,432(S) 184,099,648(P)	5.06% 0.30% 4.37%
Tan Chin Tuan Pte. Ltd.	Interest of controlled corporations (Note 10)	212,797,004(L)	5.05%
Tan Kheng Lian	Interest of controlled corporations (Note 10)	212,797,004(L)	5.05%
SSW CEI (CN), L.P.	Beneficial owner	213,174,600(L)	5.06%
SSW CEI GP, LLC	Interest of controlled corporations	213,174,600(L)	5.06%
APG Groep N.V.	Investment manager	211,072,697(L)	5.01%
Stichting Depository APG Strategic Real Estate Pool	Investment manager	211,072,697(L)	5.01%
Stichting Pensioenfonds ABP	Beneficial owner	211,072,697(L)	5.01%
APG Investments Asia Limited	Investment manager	211,057,897(L)	5.01%

### Notes:

- The letters "L", "S" and "P" denote the long position, the short position and the lending pool in the Shares respectively.
- Alexandrite Gem Holdings Limited ("**Gem Holdings**") and Athena Logistics Holdings Ltd. ("**Logistics Holdings**") held as to 503,733,253 and 87,706,907 Shares respectively. Gem Holdings and Logistics Holdings are wholly owned subsidiaries of Alexandrite Gem TopCo Ltd ("**Gem TopCo**") and Athena Logistics TopCo Ltd. ("**Logistics TopCo**") respectively. Both Gem TopCo and Logistics TopCo are wholly owned subsidiaries of Alexandrite Athena GroupCo Ltd. ("**Alexandrite Athena GroupCo**"). Alexandrite Athena GroupCo is owned as to 41.46% and 35.19% by Warburg Pincus China, L.P. ("**WP China**") and Warburg Pincus Private Equity XII, L.P. ("**WPP Equity**") respectively. WP China and WPP Equity are wholly owned subsidiaries of Warburg Pincus China GP, L.P. ("**WP China GP**") and Warburg Pincus XII, L.P. ("**WP XII**") respectively. Both WP China GP and WP XII are wholly owned by WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P. ("**WPP II**"). The general partner of WPP II is Warburg Pincus Partners GP LLC ("**WPP GP**"), the managing member of which is Warburg Pincus & Co. Accordingly, each of Gem TopCo, Logistics TopCo, Alexandrite Athena GroupCo, WP China, WPP Equity, WP China GP, WP XII, WP Global LLC, WPP II, WPP GP and Warburg Pincus & Co. are deemed to be interested in the underlying Shares held by Gem Holdings and Logistics Holdings.
- Redwood Investment Company, Ltd. ("**RIC**") originally held 448,933,103 Shares and is wholly-owned by Redwood Investor (Cayman) Limited. Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr. Charles Alexander Portes and Mr. Stuart Gibson, respectively. Hence, each of Mr. Charles Alexander Portes, Mr. Stuart Gibson, Redwood Investor II (Cayman) Ltd. and Redwood Investor (Cayman) Limited will be deemed to be interested in the Shares held by RIC. Besides, as at 30 June 2024, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr. Charles Alexander Portes and Mr. Stuart Gibson, respectively. Hence, each of Mr. Charles Alexander Portes and Mr. Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting.
- Laurels Capital Investments Limited is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr. Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr. Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at 30 June 2024, 319,658,645 Shares of the total issued shares of the Company (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels Capital Investments Limited as the beneficial owner.
- The Shares held as beneficial owner represented the 192,000 options to subscribe for Shares which are granted under the Post-IPO Share Option Scheme to each of Mr. Jinchu Shen and Mr. Stuart Gibson. The options granted to Mr. Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr. Stuart Gibson are unlisted derivatives which are not physically or cash settled.

## Corporate Governance and Other Information

6. For each of Mr. Jinchu Shen and Mr. Stuart Gibson, as of 30 June 2024, 261,200 Shares underlying the PSUs were vested, 587,700 Shares were lapsed, with the remaining 130,600 Shares to be vested in 2025. On 20 July 2023, each of Mr. Jinchu Shen and Mr. Stuart Gibson was granted 280,910 Shares underlying the PSUs (will vest in three equal tranches in the second quarter of 2025, 2026 and 2027 respectively, and a payout multiplier (0 to 150%) tied to the achievement level of the pre-determined targets will be applied. The maximum number of Shares underlying the PSUs based on 150% vesting is 421,365); and 280,910 Shares underlying the RSUs (will vest in four equal tranches on the first, second, third and fourth anniversaries of the grant date, subject to fulfilment of relevant vesting conditions).
7. JL Investment Group Limited, JL Investment Group II Limited and JL Electron (BVI) Limited directly holds 101,984,984 Shares, 90,984,985 Shares and 34,889,518 Shares respectively, and all of 3 companies are 100% controlled by Mr. Hwee Chiang Lim.
8. The transfer of Shares from RIC to Sequoia Investco was completed on 5 April 2024. In connection therewith RIC or its affiliate will have right to receive certain interests in Sequoia Investco or its affiliate, and Sequoia Investco or its affiliate is under an obligation to pay RIC or its affiliate a cash consideration if certain conditions are met.
9. Sequoia Investco is ultimately owned by BSS SCG GP Holdings L.L.C. through various corporations.
10. Tan Kheng Lian directly owned 67.9% shareholdings of Tan Chin Tuan Pte. Ltd., which indirectly holds the Shares of the Company, by different corporations controlled.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or Chief Executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.

### KM ESOP, TIER 1 ESOP, POST-IPO SHARE OPTION SCHEME AND THE LONG TERM INCENTIVE SCHEME

#### 1. KM ESOP

Below is a summary of the principal terms of the KM ESOP of the Company. The terms of the KM ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

##### (i) Purpose

The purpose of the KM ESOP is to incentivise or reward eligible participants for their contribution towards the Company's operations, so as to: (a) motivate and encourage recipients to continue to perform well; (b) to retain the services of recipients whose work is vital to the growth and continued success of the Company; and (c) to link the personal interests of members of the Board and the employees with those of the Shareholders.

##### (ii) Who may join

The Board may, at its discretion, grant an option to any director or employee of the Group, or any director or employee of any company which is under the control of the Company (an "Eligible Person").

##### (iii) Classes of shares that may be issued

Under the KM ESOP, ordinary shares may be issued. For the six months ended 30 June 2024, the Company has issued 488,525 ordinary shares under the KM ESOP.

##### (iv) Maximum number of shares

At 30 June 2024, the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KM ESOP at any time shall not exceed 11,917,272 Shares (approximately 0.28% of number of the issued shares of the Company as at 30 June 2024).

##### (v) Maximum entitlement of each participant

The scheme does not set a limit of maximum entitlement of each participant under the scheme.

##### (vi) Period within which the securities must be taken up under an option

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which the option was granted) on the earliest of:

- (a) the tenth anniversary of the date of grant;
- (b) the expiry of three months from the date on which the participant ceases to be an Eligible Person;

## Corporate Governance and Other Information

- (c) If the participant ceases to be an employee by reason of his death, the options may be exercised by his personal representatives within twelve months from the date of death. If the participant ceases to be an employee by reason of his injury, ill-health or disability, the options may be exercised, to the extent it is vested, within six months from the date of cessation of employment ("**Rights on Death, Retirement, Injury and Disability**");
  - (d) If a participant's employment with the Company or any member of the Group is terminated by way of: (a) his voluntary resignation within three months from the date of grant; (b) fundamental breach of his employment agreement or a material breach of his non-disclosure undertaking; or (c) his serious misconduct, the option will lapse and cease to be exercisable immediately. If a participant ceases to be employed by the Company by reason of redundancy or dismissal other than by summary dismissal, the option may be exercised to the extent that it is vested within three months from the date of cessation of employment ("**Effect of Dismissal or Ceasing Employment**");
  - (e) the date on which a participant ceases to be an Eligible Person in any circumstances other than those referred to in "Rights on Death, Retirement, Injury, Disability" and "Effect of Dismissal or Ceasing Employment" above;
  - (f) If a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up the Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If the Company is wound up by the court, to the extent that an option is vested and permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation ("**Rights on Winding-up**");
  - (g) subject to the paragraph headed "Rights on Winding-Up" above, the passing of an effective resolution for the voluntary winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);
  - (h) subject to the paragraph headed "Rights on Winding-Up" above, the expiry of one month following the making of an order by the court for the winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);
  - (i) the participant being declared bankrupt;
  - (j) the participant transferring, assigning, charging or otherwise disposing of the options unless in breach of the terms of the KM ESOP;
  - (k) as soon as any condition of exercise imposed can no longer in the opinion of the Board be met; or
  - (l) the participant, who is a Shareholder: (A) being deemed unable or admits inability to pay its debts as they fall due; or (B) there has been a material breach of the provisions of the Articles of Association by the participant which is not capable of remedy, or which is capable of remedy but is not remedied within 30 days after the occurrence of such material breach.
- (vii) **Minimum period for which an option must be held before it can be exercised**  
Subject to other conditions of the KM ESOP being satisfied, the options which have been granted shall be vested in accordance with the period as may be determined by the Board and set out in the vesting schedule in the KM ESOP.

## Corporate Governance and Other Information

**(viii) Subscription price for the shares, consideration for the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid**

An option may be exercised in full or in part in accordance with the terms of the KM ESOP by delivering to the address of the Company a written notice of exercise in the prescribed form. The participant may, to the extent permitted by the Company and any applicable laws or regulations, also elect one of the following:

- (a) provide evidence to the satisfaction of the Company that it has received or will receive as soon as practicable payment in full of the Exercise Price for the aggregate number of shares over which the option is to be exercised; or
- (b) deliver a written notice to the Company to confirm use of either the net share settlement (i.e. in lieu of the participant paying the exercise price, the participant will receive the greatest number of whole shares as determined by the formula set out in the KM ESOP) or net cash settlement arrangement (i.e. in lieu of the participant paying the exercise price to exercise an option, the participant will receive a payment in cash equal to the value of the shares in respect of which the option is being exercised less the exercise price otherwise payable for those shares).

**(ix) Basis of determining the exercise price**

The Board decided the option price which was stated at the date of grant. The option price may be nil unless the shares subject to the option are to be subscribed, when the option price cannot be less than the nominal value of a share. The total amount payable on the exercise of an option is the relevant option price multiplied by the number of shares in respect of which the option is exercised.

**(x) The remaining life of the scheme and details of exercise of the options**

The term of the KM ESOP will terminate on the tenth anniversary of the commencement date being 24 November 2017 or at any earlier time determined by the Board. Termination of the KM ESOP will not affect options granted before termination.

**(xi) Exercise price, grant date and vesting schedule**

Exercise price (USD)	Grant date	Exercise Period	Vesting Period	Number of options <sup>(Note 1)</sup>			
				Held at 1 January 2024	Exercised during the period <sup>(Note 2)</sup>	Cancelled during the period	Held at 30 June 2024
<b>Management and employees (other than Directors)</b> <sup>(Notes 3,4)</sup>							
0.4722	December 2017	10 years from the grant date	Varies from 3 to 4 years and all vested	100,020	(100,020)	-	-
0.9445	December 2017	10 years from the grant date	4 years	3,834,185	(916,328)	-	2,917,857
0.9445	January 2018	10 years from the grant date	4 years	5,283,747	(350,000)	-	4,933,747
1.1453	August 2018	10 years from the grant date	4 years	873,103	-	-	873,103
1.3655	February 2019	10 years from the grant date	4 years	948,494	-	-	948,494
1.5172	February 2019	10 years from the grant date	4 years	1,724,837	-	(53,554)	1,671,283



## Corporate Governance and Other Information

Exercise price (USD)	Grant date	Exercise Period	Vesting Period	Number of options <i>(Note 1)</i>			
				Held at 1 January 2024	Exercised during the period <i>(Note 2)</i>	Cancelled during the period	Held at 30 June 2024
0.9445	May 2019	10 years from the grant date	Varies from 3 to 4 years and all vested	108,519	(71,250)	-	37,269
1.5172	May 2019	10 years from the grant date	4 years	535,519	-	-	535,519
				13,408,424	(1,437,598)	(53,554)	11,917,272

Notes:

- No share options were granted or lapsed during the six months ended 30 June 2024.
- The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$11.12.
- No share options under the KM ESOP were granted to the Directors or Co-CEOs.
- No performance targets are applicable to the share options granted under the KM ESOP.

No further options will be issued under the KM ESOP in the future.

During the six months ended 30 June 2024, since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised, only a net total of 488,525 ordinary shares were issued by the Company for the six months ended 30 June 2024 in satisfaction of the 1,437,598 options so exercised. The shares were issued at nominal value of US\$0.001.

### 2. Tier 1 ESOP

Below is a summary of the principal terms of the Tier 1 ESOP of the Company. The terms of the Tier 1 ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

#### (i) Purpose

The Tier 1 ESOP is intended to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants. By aligning the interests of selected participants with those of the Shareholders, participants will be encouraged and motivated to continue their efforts towards enhancing the value of the Company. The options were granted based on the performance of the option holders who have made important contributions to and are important to the long term growth and profitability of the Group.

#### (ii) Selected participants

WP OCIM One LLC<sup>1</sup>, Laurels Capital Investments Limited ("**Laurels**"), and Redwood Consulting (Cayman) Limited ("**Redwood Consulting**").

#### (iii) Administration

The Board has full authority to administer the Tier 1 ESOP, including authority to interpret and construe any of its provisions and to adopt any regulations and any documents it thinks necessary or appropriate. The Board's decision on any matter connected with the Tier 1 ESOP will be final and binding on all parties.

Note:

- By reference to the announcements of the Company dated 24 November 2020 and 30 December 2020, Laurels Capital Investments Limited entered into a sale and purchase agreement dated 23 December 2020 in respect of an acquisition of 30,000,000 Shares of the Company and 3,899,928 options in respect of Shares of the Company, both from WP OCIM One LLC.

## Corporate Governance and Other Information

**(iv) Term of the Tier 1 ESOP**

The Tier 1 ESOP will not be terminated while options are outstanding.

**(v) Classes of shares that may be issued under the Tier 1 ESOP**

Under the Tier 1 ESOP, ordinary shares may be issued. For the six months ended 30 June 2024, no ordinary shares were issued.

**(vi) Maximum number of Shares**

The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Tier 1 ESOP at any time shall not exceed 7,799,856 Shares.

**(vii) Exercise price**

The Exercise Price is US\$0.46 per option.

**(viii) Straight-line vesting**

36.91% of the options (the "**Vested Percentage**") vested on the date of grant, and the remainder of the options vest daily on a straight line basis until 20 January 2021 (the "**Vesting Period**").

**(ix) Conditions of exercise**

Conditions are attached to the grant of the options to each participant, which contain specific conditions in the event of a default or other leaver event which apply to the particular participant.

**(x) Vesting events**

If the following events occur, the options will vest in full:

- (a) a strategic competitor acquires more than 29% of the fully diluted share capital or becomes the largest shareholder in the Company;
- (b) except where a successor company obtains control and exchanges the options under Tier 1 ESOP for new options on economically equivalent terms, any person obtains control of the Company (i.e. acquires the right to exercise more than 50% of the controlling rights in the Company);
- (c) there is a sale of all or substantially all of the shares in the Company by way of a trade sale or by way of a sale to a third party;
- (d) there is a disposal by one or more transactions of all or substantially all of the business of the Company;
- (e) there is a sale of all or substantially all of the shares in a project company or member of the Group to which a senior manager provides services or by which a senior manager is employed, as appropriate, by way of trade sale or by way of sale to a third party or there is a disposal of all or substantially all of the business of the project company or a member of the Group to which a senior manager provides services or by which the relevant senior manager is employed; or
- (f) there is a solvent winding-up of the Company.

## Corporate Governance and Other Information

### (xi) Lapse of an option

Subject to the date specified in any specific conditions to which the option is subject, an option will lapse to the extent not exercised on the earliest of the following:

- (a) the tenth anniversary of 20 January 2016, being the completion date of the merger between e-Shang Cayman Limited, ESR Singapore Pte. Ltd. and Redwood Asian Investments Ltd., pursuant to the Merger Agreement in January 2016;
- (b) the expiry of six months following the occurrence of the date on which a court sanctions a compromise or arrangement between the Company and its Shareholders which permits exercise of the option;
- (c) the passing of an effective resolution for the voluntary winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);
- (d) the expiry of one month following the making of an order by the court for the winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);
- (e) the participant being deprived of the legal or beneficial ownership of the option by operation of law, or doing or omitting to do anything which causes the participant to be so deprived or being declared bankrupt; or
- (f) the participant having breached the restrictions on transfer contained in the Tier 1 ESOP.

In relation to the options granted to Laurels (the “**Laurels Options**”) and in relation to the options granted to Redwood Consulting (the “**Redwood Options**”), if during the Vesting the relevant directors or employees of the Group (in each case the “**Relevant Employee**”):

- (a) resigns within 3 years of the date of grant of the Laurels Options or the part of the Redwood Options which are attributed to the relevant Director (the “**Relevant Options**”) or ceases to be employed other than in circumstances specified below, the relevant option holder will retain the Relevant Options to the extent vested as at the date of termination;
- (b) is dismissed for cause, or other specified events occur (including breaches of their relevant service agreements), the Relevant Options will be forfeited to the extent unexercised with certain exceptions; or
- (c) ceases to be employed due to dismissal without cause, the Relevant Options will vest in full.

### (xii) Rights on death or ill-health

If the Relevant Employee dies or ceases to be employed by the Company or its affiliates due to ill health, the Relevant Options that are vested as at the date of cessation may be exercised.

### (xiii) Rights on a compromise or arrangement

If the court sanctions a compromise or arrangement between the Company and its Shareholders, provided an option is not to be exercised under the paragraph headed “Rights on reorganisation or merger” in this section below, the option can be exercised up to 20 days before and during the period of six months commencing on the date when the court sanctions the compromise or arrangement.

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### (xiv) Rights on winding up

If a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up the Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If the Company is wound up by the court, to the extent that an option is vested and exercise is permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation.

### (xv) Rights on reorganisation or merger

If there is a variation in equity share capital of the Company or upon any consolidation, amalgamation or merger of the Company, the Board may adjust the terms of the Tier 1 ESOP or the option price for outstanding options with effect from the date of the relevant event, so that the value of the shares subject to the options is equal to the value of those shares immediately before the occurrence of the event; and the exercise price payable to exercise an option will be the same as that immediately before the occurrence of the event. No such adjustment can reduce the option price to less than the nominal value of a Share.

### (xvi) Outstanding options granted under the Tier 1 ESOP

As at 30 June 2024, options to subscribe for an aggregate of 7,799,856 Shares, representing approximately 0.19% of the issued Shares of the Company, are outstanding. Details of the movement of the options and holders are set out below:

Name of Participant	Exercise price	Exercise period	Number of options			Held at 30 June 2024 <i>(Note 3)</i>
			Held at 1 January 2024	Exercised during the period	Cancelled during the period	
<b>Executive Director</b>						
Mr. Jinchu Shen <i>(Notes 1, 2)</i>	US\$0.46	10 years from 20 January 2016	7,799,856	—	—	7,799,856

#### Notes:

- The options are granted to Laurels Capital Investments Limited. Laurels Capital Investments Limited is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr. Jinchu Shen). Mr. Jinchu Shen has a deemed interest under the SFO in the options held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
- The options were granted on 20 April 2017 at exercise price of US\$0.46. The vesting period of above outstanding options was vested daily on a straight line basis to 20 January 2021.
- No share options were granted, exercised, lapsed or were cancelled for the six months ended 30 June 2024.

No performance targets are applicable to the share options granted under the Tier 1 ESOP.

No further share options under the Tier 1 ESOP have been granted since the listing.

As the Tier 1 ESOP was adopted prior to the Company's listing and its terms are not subject to the provisions of Chapter 17 of the Listing Rules, pursuant to Rule 17.02(1)(b) of the Listing Rules, no options or awards may be granted under Tier 1 ESOP after the Company's listing.

# Corporate Governance and Other Information

## 3. Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions of the Shareholders passed at an extraordinary general meeting held on 12 October 2019.

### (i) Purpose of the Post-IPO Share Option Scheme

The purpose of the Scheme is to provide incentives to participants to contribute to the Company and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group.

### (ii) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, Executive Director and Non-executive Director (including Independent Non-executive Director), agent or consultant of the Company or its subsidiary who the Board or its delegate(s) considers, at their sole discretion, to have contributed or will contribute to the Group is entitled to be granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

### (iii) Classes of shares that may be issued under the Post-IPO Share Option Scheme

Ordinary shares.

### (iv) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 303,658,464, being no more than 10% of the Shares in issue on completion of the Global Offering.

On 7 June 2023, the shareholders of the Company has approved at the 2023 annual general meeting (the "2023 AGM") to amend certain terms of the Post-IPO Share Option Scheme, among of those, the maximum aggregate number of Shares which may be allotted and issued under the Scheme when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes must not exceed 5 per cent. of the total number of Shares in issue as at (a) the date of 2023 AGM, being 219,688,481 Shares; or (b) the New Approval Date (the "Scheme Mandate Limit"). The maximum aggregate number of Shares which may be allotted and issued under this Scheme to service providers when aggregated with the maximum number of Shares which may be allotted and issued or transferred to Service Providers under Other Schemes must not exceed 1 per cent. of the total number of Shares in issue as at (a) the date of 2023 AGM, being 43,937,696 Shares; or (b) the New Approval Date (the "Service Provider Sublimit").

As at the date of this report, the total number of Shares available for issue under the Post-IPO Share Option Scheme is 17,569,300, representing approximately 0.41% of the issued share capital of the Company as at the date of this report.

## Corporate Governance and Other Information

(v) **Maximum entitlement of a grantee**

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the “**Individual Limit**”).

(vi) **Performance target**

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(vii) **Subscription price**

The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the option being exercised shall be determined by the Board but shall be not less than the greatest of:

- (a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

(viii) **Grant of options**

An offer of the grant of an option shall be made to a participant by letter or in such form as the Board may from time to time determine (the “**Grant Letter**”) specifying the number of Shares, the subscription price, any condition (including but not limited to imposition of any performance target(s) and/or vesting scale), the Period in respect of which the offer is made, the date by which the option must be accepted being a date not more than 28 days after the offer date (the “**Acceptance Date**”) and further requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the scheme. Such offer shall be personal to the participant concerned and shall not be transferable.

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate Grant Letter or such other form constituting acceptance of the offer of the grant of the option duly signed by the Grantee together with a remittance in favor of the Company of HK\$1.00 (or such equivalent in other currency as the Board may specify) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date.

Any offer may be accepted in respect of less than the number of options for which it is offered provided that it is accepted in respect of options representing Shares constituting a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.



## Corporate Governance and Other Information

### (ix) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the Grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

### (x) Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of 10 years commencing on the date of adoption of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is about 5 years and 2 months as at the date of this report.

### (xi) Exercise price, grant date and vesting schedule

Date of grant	Exercise price	Closing price immediately preceding the date of grant	Vesting period	Exercise period	Number of options					
					Held at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Held at 30 June 2024
<b>Directors</b>										
8 June 2022	HK\$22.78	HK\$22.50	vest in three equal tranches on each of 8 June 2022, 8 June 2023 and 8 June 2024	8 June 2022 to 7 June 2032						
Mr. Jinchu Shen					192,000	–	–	–	–	192,000
Mr. Stuart Gibson					192,000	–	–	–	–	192,000
			Subtotal		384,000	–	–	–	–	384,000
<b>Management (other than Directors) and employees</b>										
28 December 2020	HK\$27.30	HK\$27.10	vest in three equal tranches on each of 28 December 2021, 28 December 2022 and 28 December 2023	28 December 2021 to 27 December 2030	6,650,000	–	–	–	(500,000)	6,150,000
23 August 2021	HK\$24.50	HK\$23.80	vest in three equal tranches on each of 23 August 2021, 23 August 2022 and 23 August 2023	23 August 2021 to 22 August 2031	11,194,200	–	–	–	(158,900)	11,035,300
			Subtotal		17,844,200	–	–	–	(658,900)	17,185,300
			Total		18,228,200	–	–	–	(658,900)	17,569,300

No share options were granted, exercised or cancelled under Post-IPO Share Option Scheme during the six months ended 30 June 2024. No performance targets are applicable to the share options granted under Post-IPO Share Option Scheme.

Save as disclosed above, no other share option schemes were entered into by the Company.

During the six months ended 30 June 2024, there were no options granted to (i) service provider in excess of 0.1% of the Company's issued Shares over the 12-month period ended 30 June 2024, or (ii) any participants in excess of the 1% individual limit.

## Corporate Governance and Other Information

### 4. Long Term Incentive Scheme

The following is a summary of the principal terms of the long term incentive scheme (the “**Long Term Incentive Scheme**”) adopted and approved by the Shareholders at an annual general meeting held on 2 June 2021 (the “**Adoption Date**”).

#### (i) Purpose

The purpose of the Long Term Incentive Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

#### (ii) Who may join

Those eligible to participate in the Long Term Incentive Scheme include employees, Executive Directors and Non-executive Directors (including Independent Non-executive Directors), service provider (means an individual consultant, individual independent contractor, or individual self-employed contractor who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to the provision of construction, property management, design, real estate brokerage, business integration and business transformation services (but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity) of the Group (“**Participants**”). Participants may receive, at the absolute discretion of the Board, Awards under the Long Term Incentive Scheme. Each Participant who accepts the offer of the grant of an award (“**Award**”, an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme (where a performance share unit (“**PSU**”), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant Grant Letter; a restricted share unit (“**RSU**”), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant Grant Letter) under the Long Term Incentive Scheme is a “**Grantee**”.

#### (iii) Administration

The Long Term Incentive Scheme will be subject to the administration of the Board (or a duly authorised committee of the Board). The Board’s decision as to all matters arising in relation to the Long Term Incentive Scheme or its interpretation or effect shall be final and binding on all parties.

The Company may also appoint a professional trustee to assist with the administration and vesting of the Awards. The Company may to the extent permitted by the Companies Law and the Listing Rules: (a) allot and issue Shares to the trustee to be held by the trustee pending the vesting of Awards granted and which will be used to satisfy Awards upon vesting; and/or (b) direct and procure the trustee to make on-market purchases of Shares to satisfy Awards upon vesting. The Company shall to the extent permitted by the Companies Law provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of Awards.

## Corporate Governance and Other Information

**(iv) Term**

The Long Term Incentive Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Awards will be offered but the provisions of the Long Term Incentive Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awards already granted. Awards granted during 10 year term shall continue to be valid in accordance with their terms of grant after the end of the term.

**(v) Grant of awards**

The Board may grant an Award to a Participant by a notice ("**Grant Letter**") in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Award on the terms and conditions on which it is to be granted and to be bound by the terms of the Long Term Incentive Scheme. The Grant Letter shall specify, among other things, any vesting conditions, the relevant vesting schedule and applicable vesting date(s). The Company may require the Grantee to remit HK\$1.00 (or such equivalent in another currency as the Board may specify) to the Company as consideration for the grant.

**(vi) Timing restrictions**

The Company may not grant any Award to any Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, the Company may not grant any Award during the period commencing one month immediately before the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the actual publication of the results announcement, and where a grant is made to a Director:

- (a) notwithstanding paragraphs vi(a) and vi(b) above, no Award shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

**(vii) Grant to connected persons**

Any grant to any Director, Chief Executive or substantial Shareholder (other than an Independent Non-executive Director) of the Company, or any of their respective associates, shall be subject to the prior approval of the Remuneration Committee of the Company (excluding the Independent Non-executive Director who is the proposed Grantee of the grant in question) and all grants to connected persons shall be subject to compliance with the requirements of the Companies Law and the Listing Rules, including where necessary the prior approval of the Shareholders.

## Corporate Governance and Other Information

### (viii) Performance target

The vesting of PSUs granted under the Long Term Incentive Scheme is conditional on the achievement of objective performance conditions as documented in the Grant Letter. Performance conditions include market and non-market targets that serve to drive overall long-term value creation for the Group and which align Participants' interests with those of the shareholders of the Company. Examples of performance conditions which may be applied include but are not limited to total shareholders' return, return on capital, earnings per share, EBITDA and total assets under management. Performance conditions are established at the beginning of each performance period and are reviewed annually to ensure they remain relevant. The Board may, at its sole discretion vary, waive or amend any such performance conditions or may impose different performance conditions to those specified in the Grant Letter, to the extent allowable under relevant law or regulatory restrictions.

No performance conditions apply to RSUs granted under the Long Term Incentive Scheme.

### (ix) Satisfaction of awards

Subject to and in accordance with the terms of the Long Term Incentive Scheme and the specific terms applicable to each Award, an Award shall vest on the date(s) specified in the Grant Letter (the "**Vesting Date**"). If the vesting of an Award is subject to the satisfaction of performance-based, time-based and/or other conditions and such conditions are not satisfied, the Award shall lapse automatically in respect of such proportion of the underlying Shares as have not vested.

The Board may in its absolute discretion, determine whether the whole or any part of the Award granted or to be granted under the Long Term Incentive Scheme shall be satisfied upon vesting by the allotment and issue or transfer of Shares or by a cash payment ("**Cash Payment**", for the purpose of the Long Term Incentive Scheme, means a payment in cash made by the Company to Participant upon the vesting of an Award in lieu of Shares, based on the formula of  $A \times B$ , where: A = the number of Shares in respect of which the Award has vested, and B = the closing price of a Share as stated in the daily quotation sheets issued by the Stock Exchange of a Share on the relevant Vesting Date.) Any such determination may be made on a case-by-case basis or generally at any time on or around the grant date or relevant Vesting Date of the Award in question, and the Board shall notify the relevant Grantees of such determination. Awards shall be satisfied as soon as practicable on or after the relevant Vesting Date and in any event no later than 30 days following the relevant Vesting Date, at the Company's absolute discretion by:

- (a) the Company allotting and issuing the relevant number of Shares to the Grantee credited as fully paid; or
- (b) the Company directing and procuring the trustee to transfer to the Grantee the relevant number of Shares; or
- (c) the Company paying or procuring the payment of a Cash Payment (and the Company may in its discretion pay or procure the payment of the Cash Payment in Hong Kong dollars or the equivalent in the Grantee's local currency (converted on such basis of exchange rate as the Company may in its discretion determine).

### (x) Rights attached to the Shares

A Grantee shall have no rights in respect of any Shares granted until such Shares have been allotted and issued or transferred to the Grantee, including in relation to any dividends or distributions in respect of such Shares.

## Corporate Governance and Other Information

### (xi) Corporate events

#### xi.i. In the event of:

- (a) a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all Grantees (on the same terms mutatis mutandis, and assuming that they will become Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Awards shall, subject to paragraph x.ii. below, vest in whole or in part on a date specified by the Board. All parts of an Award which have not vested shall lapse immediately; or
- (b) a notice is given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof to all Grantees on the same day as such resolution is passed or order is made. At the sole and absolute discretion of the Board, any part of an Award which has not yet vested shall be accelerated in whole or in part (as specified in the Grantee's notice) immediately before the passing of such resolution, whereupon the Grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders such sum as would have been received in respect of the Shares the subject of such election. Any part of an Award which has not been accelerated shall lapse immediately; or
- (c) a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Ordinance ((Chapter 622 of the Laws of Hong Kong) as amended from time to time) or the Companies Act of Cayman Islands (as amended from time to time) (the "**Companies Act**"), the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph (xi) on the same day as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon any part of an Award which has not yet vested may be accelerated in whole or in part at any time prior to the day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement. Upon such compromise or arrangement becoming effective, all Awards shall, to the extent that they have not accelerated, lapse immediately. The Board shall endeavour to procure that the Shares issued as a result of the vesting of Awards (or any part thereof) under this paragraph x.i.(c) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees shall with effect from the date of the making of the order by the court be restored in full and all prior acceleration and lapse of the Awards shall be reversed and the Awards shall continue to vest in accordance with the original vesting schedule (but subject to the other terms of the Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid acceleration, lapse and reversal.

## Corporate Governance and Other Information

xi.ii. The number of Shares in respect of which any Award is accelerated or vests pursuant to this paragraph (xi — Corporate Events) (if any) and the date or dates on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the date of the grant to the normal Vesting Date that has elapsed as at the relevant event.

### (xii) Maximum number of Shares

The maximum number of Shares in respect of which Awards may be granted under the Long Term Incentive Scheme (the “**Maximum Number**”) when aggregated with the maximum number of Shares in respect of any share options to be granted under the Post-IPO Share Option Scheme is that number which is equal to 10% of the total number of Shares in issue on the Adoption Date (i.e. up to total of 306,004,506 Shares).

On 7 June 2023, the shareholders of the Company has approved at the 2023 annual general meeting (the “**2023 AGM**”) to amend certain terms of the Long Term Incentive Scheme, among of those, the maximum aggregate number of Shares which may be allotted and issued or transferred under this Scheme when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes must not exceed 5 per cent. of the total number of Shares in issue as at (a) the 2023 AGM, being 219,688,481 Shares; or (b) the New Approval Date (the “**Scheme Mandate Limit**”). The maximum aggregate number of Shares which may be allotted and issued or transferred under this Scheme to Service Providers when aggregated with the maximum number of Shares which may be allotted and issued or transferred under Other Schemes to Service Providers must not exceed 1 per cent. of the total number of Shares in issue as at (a) the 2023 AGM, being 43,937,696 Shares; or (b) the New Approval Date (the “**Service Provider Sublimit**”).

As at the date of this report, the total number of Shares available for issue under the Long Term Incentive Scheme is 485,320, representing approximately 0.01% of the issued share capital of the Company as at the date of this report.

### (xiii) Renewal of Maximum Number of Shares

xiii.i. The Maximum Number of Shares may be increased or “amended”, with the approval of the Shareholders in general meeting, up to a maximum of 10% of the Shares in issue at the date of such Shareholders’ approval, inclusive of the Maximum Number of Shares in respect of which share options may be granted under the Post-IPO Share Option Scheme; and the Company may obtain a separate approval from its Shareholders in general meeting to permit the granting of Awards which will result in the number of Shares in respect of all Awards granted exceeding the then Maximum Number of Shares provided that such Awards are granted only to Participants specifically identified by the Company before Shareholders’ approval is sought.

xiii.ii. For the avoidance of doubt, (a) in calculating whether the Maximum Number of Shares has been exceeded, Awards under the Long Term Incentive Scheme and share options granted under the Post-IPO Share Option Scheme which have lapsed in accordance with the terms of the relevant scheme or which have been satisfied by the making of a Cash Payment shall not be counted, and (b) if the Maximum Number of Shares is increased or refreshed pursuant to this paragraph (xiii), Awards granted under the Long Term Incentive Scheme or share options granted under the Post-IPO Share Option Scheme (including without limitation those outstanding, cancelled in accordance with the relevant scheme and those which have vested) prior thereto shall not be counted for the purpose of calculating whether the new Maximum Number of Shares has been exceeded.



## Corporate Governance and Other Information

### (xiv) Transfer restrictions

An Award shall be personal to the Grantee and shall not be assignable and the Grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Award (save that, for the avoidance of doubt, the Grantee may nominate a nominee to hold the Shares to be issued pursuant to the vesting of an Award on trust for the sole benefit of such Grantee provided that evidence of such trust arrangement between the Grantee and the nominee shall be provided to the satisfaction of the Company). However, following the Grantee's death, Awards may be transferred by will or by the laws of testacy and distribution.

### (xv) Lapse of awards

- xv.i. Unless otherwise determined by the Board in its sole and absolute discretion, Awards (or any part thereof) which have not vested shall lapse automatically on the earliest of:
- (a) the date on which the Grantee ceases to be an employee, Director, agent or consultant of the Company or any Subsidiary by reason of the termination of his employment, office, agency or consultancy on any one or more grounds of serious misconduct by the Grantee, or if the Grantee has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of directors of the relevant Subsidiary (as the case may be)) on any other grounds on which an employer or principal would be entitled to summarily terminate his employment, office, agency or consultancy at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or agency or consultancy agreement or arrangement with the Company or the relevant Subsidiary (as the case may be);
  - (b) the date on which the Grantee ceases to be a Participant on or after becoming bankrupt or insolvent or making any arrangements or composition with his creditors generally;
  - (c) the date on which the Board shall exercise the Company's right to cancel an Award (or any part thereof) at any time after the Grantee commits a breach of paragraph (xiv — Transfer restrictions) or the Award (or any part thereof) is cancelled in accordance with paragraph xv.iv below;
  - (d) in respect an Award which is subject to performance or other vesting condition(s), the date on which the condition(s) to vesting of the Award is not satisfied (save that the Award shall lapse only in respect of such proportion of underlying Shares as have not vested because of the application of such performance or other vesting condition(s); or
  - (e) the date on which the Award is not accelerated or vested (and therefore lapse) pursuant to paragraph (xi — Corporate Events) above.
- xv.ii. The Board shall have the right to determine whether the Grantee's employment, office, agency, or consultancy has been terminated the reasons set out in paragraph xv.i(a) above, the effective date of such termination and such determination by the Board shall be final and conclusive.
- xv.iii. If the Grantee's employment, service or engagement with a member of the Group is terminated for any reason other than the reasons set out in paragraph xv.i(a) above (including due to resignation, retirement, death, disability or non-renewal of the employment or service agreement (or equivalent) upon its expiration) prior to the vesting of any Award, the Board shall determine in its absolute discretion whether any unvested Award shall vest, the extent to which it shall vest and when such Award (or part thereof) shall vest. If no such determination is made, the Award shall lapse with effect from date on which the Grantee's employment, service or engagement is terminated. To the extent that the Board determines that such Award shall not vest, such Award shall lapse automatically with effect from such termination date.

## Corporate Governance and Other Information

xv.iv. The Board may at any time cancel any Award previously granted but which have not yet vested and may, at its discretion, make a grant of new Award to the same Grantee. Where an Award is cancelled and a new Award is intended to be granted to the same Participant, the Scheme must have available unissued Shares (excluding the cancelled Share(s)) within the Maximum Number as mentioned in paragraph (xii) — Maximum number of Shares.

### (xvi) Adjustments

In the event of an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) whilst any Awards has not vested or has vested but has not yet been satisfied, such corresponding adjustments (if any) shall be made to the nominal value or number of Shares subject to Awards and/or the Maximum Number of Shares. Subject to the foregoing, any adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments but not greater than that to which he was entitled before such adjustment, but so that no such adjustment shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments.

In respect of any such adjustments, the auditors of the Company from time to time or an independent financial adviser to the Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable.

### (xvii) Alteration

Save as provided below, the Board may alter any of the terms of the Long Term Incentive Scheme at any time. The Board may amend any performance and/or other conditions that applies to an Award if there is an event that causes it to consider that the performance and/or other conditions should be amended. The Long Term Incentive Scheme so altered must comply with the requirements of the Companies Law and the Listing Rules.

### (xviii) Cancellation

The Board may at any time cancel Awards previously granted but which have not yet vested. Where the Company cancels Awards and offers new Awards to the same Grantee, the offer of such new Awards may only be made with available unissued Shares (excluding the cancelled Share(s)) within the Maximum Number within the limits set out in paragraph (xii) — Maximum number of Shares above.

### (xix) Termination

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Long Term Incentive Scheme and in such event, no further Awards may be offered but in all other respects the terms of the Long Term Incentive Scheme shall remain in force to the extent necessary to give effect to the vesting of Awards which are granted during the term of the Long Term Incentive Scheme and which remain unvested immediately prior to the termination of the Long Term Incentive Scheme.

# Corporate Governance and Other Information

Grant date	Connected /non-connected	Name/Position	Closing price immediately preceding the date of grant	Vesting Period	Number of shares					
					held at 1 January 2024	Grant during the Period	Vested during the Period (Note 4)	Cancelled during the Period	Lapsed during the Period	Held at 30 June 2024
<b>PSUs</b> <small>(Notes 20/5)</small>										
8 Jun 2022	Connected	Director – Mr. Jinchu Shen	22.50	Note (1)	261,200	–	(130,600)	–	–	130,600
20 Jul 2023			13.06	Note (6)	421,365	–	–	–	–	421,365
					682,565	–	(130,600)	–	–	551,965
8 Jun 2022	Connected	Director – Mr. Stuart Gibson	22.50	Note (1)	261,200	–	(130,600)	–	–	130,600
20 Jul 2023			13.06	Note (6)	421,365	–	–	–	–	421,365
					682,565	–	(130,600)	–	–	551,965
					1,365,130	–	(261,200)	–	–	1,103,930
23 Feb 2022	Connected	Certain directors of subsidiaries of the Company	25.00	Note (1)	191,760	–	(95,880)	–	–	95,880
23 Feb 2022	Non-connected	Employees of the Group who are not Directors or Chief Executive of the Group	25.00	Note (1)	816,760	–	(252,840)	(78,600)	–	485,320
					1,008,520	–	(348,720)	(78,600)	–	581,200
25 May 2023	Connected	Certain directors of subsidiaries of the Company	11.86	Note (6)	971,460	–	–	(25,275)	–	946,185
25 May 2023	Non-connected	Employees of the Group who are not Directors or Chief Executive of the Group	11.86	Note (6)	2,277,945	–	–	(184,290)	–	2,093,655
					3,249,405	–	–	(209,565)	–	3,039,840
					4,257,925	–	(348,720)	(288,165)	–	3,621,040
					5,623,055	–	(609,920)	(288,165)	–	4,724,970
<b>RSUs</b> <small>(Notes 20/5)</small>										
20 Jul 2023	Connected	Director – Mr. Jinchu Shen	13.06	Note (9)	280,910	–	–	–	–	280,910
20 Jul 2023	Connected	Director – Mr. Stuart Gibson	13.06	Note (9)	280,910	–	–	–	–	280,910
					561,820	–	–	–	–	561,820
8 Jun 2022	Connected	Certain directors of subsidiaries of the Company	22.50	Note (2)	1,367,333	–	(542,333)	–	–	825,000
8 Jun 2022	Non-connected	Employees of the Group who are not Directors or Chief Executive of the Group	22.50	Note (2)	3,741,368	–	(1,141,368)	(525,000)	–	2,075,000
					5,108,701	–	(1,683,701)	(525,000)	–	2,900,000
20 Apr 2023	Non Connected	Certain directors of subsidiaries of the Company	12.78	Note (7)	315,840	–	–	(315,840)	–	–
					–	–	–	–	–	–
					315,840	–	–	(315,840)	–	–
25 May 2023	Connected	Certain directors of subsidiaries of the Company	11.86	Note (8)	722,640	–	(182,693)	(16,850)	–	523,097
25 May 2023	Non-connected	Employees of the Group who are not Directors or Chief Executive of the Group	11.86	Note (8)	2,075,530	–	(512,649)	(109,113)	–	1,453,768
					2,798,170	–	(695,342)	(125,963)	–	1,976,865
					8,784,531	–	(2,379,043)	(966,803)	–	5,438,685
					14,407,586	–	(2,988,963)	(1,254,968)	–	10,163,655

## Corporate Governance and Other Information

### Notes:

1. The PSUs granted will vest in favour of the relevant participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfilment of relevant performance conditions over a two year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive). As disclosed in the Company's annual general meeting circular dated 29 April 2022, the Company would seek to motivate and reward eligible participants in the Long Term Incentive Scheme for optimising their performance in areas including, but not limited to, total shareholder returns, total assets under management and making contributions to the Group.
2. In respect of the aggregate 2,900,000 RSUs granted to the relevant participants held at 30 June 2024, subject to the vesting conditions being met, 825,000 of the RSUs granted to Connected Grantees and 2,075,000 of the RSUs granted to Non-connected Grantees will vest in 2 equal tranches on 8 June of each of 2025 and 2026.
3. Please refer to note 28 to the Condensed Consolidated Financial Information for the fair value of awards at the date of grant and the accounting standard and policy adopted. No PSUs or RSUs were granted or lapsed for the six months ended 30 June 2024.
4. The weighted average closing price of the shares immediately before the dates on which the awards vested is HK\$11.13 per share.
5. The purchase price for the shares underlying the PSUs/RSUs is nil.
6. The PSUs granted will vest in favour of the relevant Participants in three equal tranches over a period of three years commencing from 1 April 2025 based on fulfillment of relevant performance conditions over a two-year period commencing from 1 January 2023 to 31 December 2024 (both dates inclusive).
7. The RSUs (non-connected grantees) had a vesting schedule of five equal tranches on the Date of Grant, and 31 December each of 2023, 2024, 2025 and 2026.
8. In respect of the aggregate of 1,976,865 RSUs granted to the relevant participants held at 30 June 2024, subject to the vesting conditions being met:
  - (i) 473,097 of the RSUs granted to Connected Grantees and 1,159,368 of the RSUs granted to Non-connected Grantees will vest in four equal tranches on 25 May of each of 2024, 2025, 2026 and 2027.
  - (ii) 50,000 of the RSUs granted to Connected Grantees and 225,000 of the RSUs granted to Non-connected Grantees will vest in two equal tranches on 8 June of each 2025 and 2026; and
  - (iii) 69,400 of the RSUs granted to Non-connected Grantees will vest on 1 October 2024 (the 1st tranche of 69,400 vested in FY2023).
9. The 561,820 RSUs granted to the Connected Grantees will vest in four equal tranches on 20 July of each of 2024, 2025, 2026 and 2027.

During the six months ended 30 June 2024, there were no awards granted to (i) service provider in excess of 0.1% of the Company's issued Shares over the 12-month period ended 30 June 2024, or (ii) any participants in excess of the 1% individual limit.

As at 1 January 2024 and 30 June 2024, the number of options and awards available for grant under the Scheme Mandate Limit was 218,283,931 and 218,283,931, respectively, and the number of options and awards available for grant under the Service Provider Sublimit was 43,937,696 and 43,937,696, respectively.

The number of Shares that may be issued in respect of options and awards granted under Post-IPO Share Option Scheme and Long Term Incentive Scheme of the Company divided by the weighted average number of ordinary Shares in issue (excluding treasury shares) for the six months ended 30 June 2024 is 0.43%.

For the options and awards ("**Grants**") granted during the six months ended 30 June 2024 with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant Grantees in the same position as they would have been in had the Grants been made earlier.

# Corporate Governance and Other Information

## STAFF AND REMUNERATION

The Group had 2,231 employees as at 30 June 2024. The Group provided competitive remuneration package to its employees and encouraged training programs to improve their knowledge and skills, and promoted cross-market and cross-cultural cooperation to nurture their sense of belonging to the Group.

The remuneration packages are determined with reference to the experience, level of responsibilities, time commitment and contributions of each individual, the Company's performance and the prevailing market conditions. Any discretionary bonus and other merit payments depend on the profit performance of the Group and individual performance of Directors, senior management and other employees. The remuneration levels are sufficient to attract and retain directors to run the Company successfully without paying more than necessary. The Group reviews its remuneration policy on a regular basis. During the period from 1 January 2024 to 30 June 2024, the remuneration of the Group (including salaries, retirement benefits, other welfares and post-employment benefits) to all employees including Directors amounted to US\$135,812,000, representing a decrease of 2% compared to period from 1 January 2023 to 30 June 2023.

We have share schemes in place to act as incentive to recognise the contributions made by the employees, executives, officers and directors of the Group, to retain them for the continuing operation and development of the Group and to attract suitable personnel for further development of the Group. For further details, please refer to the paragraph "KM ESOP, Tier 1 ESOP, Post-IPO Share Option Scheme and Long Term Incentive Scheme" under this section.

## INTERIM DIVIDEND

The Board has decided not to 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.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code ("**CG Code**") in Appendix C1 to the Listing Rules by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company's governance framework. It is in the opinion of the Directors that the Company has complied with all the code provisions as set out in the Part 2 of the CG Code during the six months ended 30 June 2024.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the 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.

## Corporate Governance and Other Information

### DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of annual report 2023 of the Company are set out as follows:

Dr. Kwok Hung Justin Chiu and Ms. Wei-Lin Kwee retired from the Board as a Non-executive Director and an Independent Non-executive Director, respectively, at the conclusion of the annual general meeting of the Company held at 31 May 2024.

Mr. Jeffrey David Perlman, a Non-executive Director stepped down from his role as the Chairman of the Board with effect from 2 September 2024. Mr. Perlman remains as a Non-executive Director. Mr. Brett Harold Krause, an Independent Non-executive Director, has been appointed as the Interim Chairman of the Board with effect from 2 September 2024.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### 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 of the Company (the "Shareholders") passed on 7 June 2023 and 31 May 2024, to repurchase Shares of the Company 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 the 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 on market ranging from HK\$9.02 to HK\$11.16 per Share, 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). At the date of this interim report, the repurchased Shares have been cancelled. Details of Shares repurchased are as follows:

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

Details of cancellation of the repurchased Shares are as follows:

Date	Number of Shares cancelled
8 February 2024	37,416,600
1 March 2024	17,710,200
Total	55,126,800

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



# Corporate Governance and Other Information

## 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).

Save 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.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### Sale of ARA Private Funds Business

On 8 March 2024, the subsidiaries of the Company entered into certain share purchase agreements to dispose of their interests in the ARA Private Funds business in Australia, Singapore, South Korea and U.S. to buyers which include an affiliate of Sumitomo Mitsui Finance and Leasing Co. for an initial consideration based on an agreed enterprise value of US\$270 million for the businesses, subject to adjustments. As of 30 June 2024, the transaction completion is pending final regulatory approval and satisfaction of related condition precedents.

### 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. and ARA Business Trust Management (USH) Pte. Ltd. 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.

### 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 ESR Asset Management Limited (formerly known as 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.

## Corporate Governance and Other Information

### ISSUE FOR CASH OF EQUITY SECURITIES

Save for the issue of Shares pursuant to the exercise of options granted under the KM ESOP (as disclosed on page 27) and the Long Term Incentive Scheme during the six months ended 30 June 2024, there was no other issue of equity securities (including securities convertible into equity securities) of the Company or sale of treasury Shares (as defined under the Listing Rules) for cash.

### REVIEW OF INTERIM REPORT

The Audit Committee has reviewed the unaudited condensed consolidated financial information for the six months ended 30 June 2024.

Ernst & Young, the Group's external auditor, has carried out a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2024 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.

# Independent Review Report



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## To the shareholders of ESR Group Limited

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 48 to 106, which comprises the condensed consolidated statement of financial position of ESR Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

21 August 2024

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	For the 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
<b>(Loss)/Profit before tax</b>	5	<b>(188,955)</b>	372,631
Income tax expense	7	(20,013)	(58,761)
<b>(Loss)/Profit for the period</b>		<b>(208,968)</b>	313,870
<b>Attributable to:</b>			
Owners of the Company		(218,719)	288,965
Non-controlling interests		9,751	24,905
		<b>(208,968)</b>	313,870
<b>(Loss)/Earnings per share attributable to ordinary equity holders of the Company</b>	9		
Basic (loss)/earnings per share		US\$(0.05)	US\$0.06
Diluted (loss)/earnings per share		US\$(0.05)	US\$0.06
<b>(Loss)/Profit for the period</b>		<b>(208,968)</b>	313,870
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</b>			
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)
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</b>			
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)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(208,212)</b>	(180,613)
<b>Total comprehensive (loss)/income for the period</b>		<b>(417,180)</b>	133,257
<b>Attributable to:</b>			
Owners of the Company		(419,528)	118,378
Non-controlling interests		2,348	14,879
		<b>(417,180)</b>	133,257

# Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		55,144	51,536
Right-of-use assets		32,252	29,356
Investments in joint ventures and associates	10	3,308,541	3,381,555
Financial assets at fair value through profit or loss	11	764,300	802,820
Financial assets at fair value through other comprehensive income	12	851,325	1,050,442
Investment properties	13	2,865,245	3,201,372
Goodwill	14	3,350,594	3,469,442
Other intangible assets	15	1,199,952	1,302,936
Other non-current assets	16	377,333	362,291
Deferred tax assets		83,186	88,870
Total non-current assets		12,887,872	13,740,620
<b>CURRENT ASSETS</b>			
Trade receivables	17	365,429	532,861
Prepayments, other receivables and other assets		498,477	564,954
Financial assets at fair value through profit or loss	11	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	22	1,004,420	316,578
Total current assets		2,971,182	2,450,455
<b>CURRENT LIABILITIES</b>			
Bank and other borrowings	18	1,194,316	899,884
Lease liabilities		11,358	11,367
Trade payables, accruals and other payables	20	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	22	328,764	255,977
Total current liabilities		2,185,529	1,630,226
<b>NET CURRENT ASSETS</b>		<b>785,653</b>	<b>820,229</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,673,525</b>	<b>14,560,849</b>

# Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		538,528	580,838
Bank and other borrowings	18	4,996,747	5,079,669
Lease liabilities		23,449	20,590
Contingent consideration payable		6,485	11,664
Other non-current liabilities	19	18,060	139,334
Total non-current liabilities		5,583,269	5,832,095
<b>NET ASSETS</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	27	4,213	4,280
Perpetual capital securities	29	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
<b>TOTAL EQUITY</b>		<b>8,090,256</b>	<b>8,728,754</b>

Mr. Jinchu Shen  
Director

Mr. Stuart Gibson  
Director

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company											Total equity US\$ '000		
	Issued capital (note 27) US\$ '000	Share premium* (note 27) US\$ '000	Statutory reserve* US\$ '000	Merger reserve* US\$ '000	Share-based payment reserve* (note 28) US\$ '000	Exchange fluctuation reserve* US\$ '000	Retained profits* US\$ '000	Investment reserve (non- recycling)* US\$ '000	Hedge reserves* US\$ '000	Perpetual capital securities (note 29) US\$ '000	Other reserve* US\$ '000		Total US\$ '000	Non- controlling interests US\$ '000
<b>As at 1 January 2024 (audited)</b>	4,280	6,237,199	7,626	56,358	49,048	(565,773)	2,108,894	(199,684)	(8,047)	742,866	(22,235)	8,410,512	318,242	8,728,754
(Loss)/Profit for the period	—	—	—	—	—	—	(218,719)	—	—	—	—	(218,719)	9,751	(208,968)
Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	—	—	—	(91,732)	—	—	—	—	(91,732)	224	(91,508)
Effect of hedge	—	—	—	—	—	—	—	6,392	—	—	—	6,392	—	6,392
Exchange differences on translation of foreign operations	—	—	—	—	—	(258)	—	—	—	—	—	(258)	(7,660)	(7,918)
Share of other comprehensive loss of joint ventures and associates	—	—	—	—	—	(116,003)	—	65	727	—	—	(115,211)	33	(115,178)
<b>Total comprehensive loss for the period</b>	—	—	—	—	—	(116,261)	(218,719)	(91,667)	7,119	—	—	(419,528)	2,348	(417,180)
Profit attributable to holders of perpetual capital securities (note 29)	—	—	—	—	—	—	(20,827)	—	—	20,827	—	—	—	—
Distribution paid to holders of perpetual capital securities (note 29)	—	—	—	—	—	—	—	—	—	(20,815)	—	(20,815)	—	(20,815)
Adjustment on redemption value of the option granted to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	—	—	(68,177)	(68,177)	1,059	(67,118)
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	4,932	4,932
Dividend distributions	—	—	—	—	—	—	(67,375)	—	—	—	—	(67,375)	—	(67,375)
Disposal of subsidiaries	—	—	—	—	—	(1,698)	—	—	—	—	—	(1,698)	(105)	(1,803)
Share repurchased and cancellation	(67)	(72,158)	—	—	—	—	—	—	—	—	—	(72,225)	—	(72,225)
Issue of shares upon exercise of share options (note 28)	—	955	—	—	(981)	—	—	—	—	—	—	(26)	—	(26)
Issue of shares pursuant to Long Term Incentive Scheme (note 28)	—	5,092	—	—	(7,739)	—	—	—	—	—	—	(2,647)	—	(2,647)
Transfer of share-based payment reserve upon the forfeiture of share options and Long Term Incentive Scheme	—	—	—	—	(3,957)	—	3,957	—	—	—	—	—	—	—
Share-based compensation arrangement	—	—	—	—	5,759	—	—	—	—	—	—	5,759	—	5,759
<b>As at 30 June 2024 (unaudited)</b>	4,213	6,177,088	7,626	56,358	42,130	(683,732)	1,805,730	(291,351)	(948)	742,878	(90,412)	7,763,780	326,476	8,090,256

\* These reserve accounts comprise the consolidated reserves of US\$7,016,689,000 in the consolidated statement of financial position as at 30 June 2024, (31 December 2023: US\$7,663,366,000).



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company											Total equity US\$'000		
	Issued capital (note 27) US\$'000	Share premium* (note 27) US\$'000	Statutory reserve* US\$'000	Merger reserve* (note 28) US\$'000	Share-based payment reserve* (note 28) US\$'000	Exchange fluctuation reserve* US\$'000	Retained profits* US\$'000	Investment reserve (non-recycling)* US\$'000	Equity components				Non-controlling interests US\$'000	
									Hedge reserves* US\$'000	Convertible bonds (note 21) US\$'000	Perpetual capital securities (note 29) US\$'000			Other reserve* US\$'000
<b>As at 1 January 2023 (audited)</b>	4,422	6,448,219	4,802	56,358	49,130	(467,294)	2,050,186	(113,741)	48,501	742,701	(8,625)	8,814,659	325,655	9,140,314
Profit for the period	–	–	–	–	–	–	288,945	–	–	–	–	–	24,905	313,870
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(48,053)	–	–	–	(48,053)	(123)	(48,176)
Effect of hedge	–	–	–	–	–	–	–	(3,538)	–	–	–	(3,538)	–	(3,538)
Exchange differences on translation of foreign operations	–	–	–	–	–	(51,648)	–	–	–	–	–	(51,648)	(9,728)	(61,576)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	(71,928)	–	4,071	–	–	–	(67,348)	25	(67,323)
<b>Total comprehensive income for the period</b>	–	–	–	–	–	(123,576)	288,945	(43,982)	–	–	–	118,378	14,879	133,257
Reclassification of financial asset at fair value through other comprehensive income	–	–	–	–	–	–	2,407	(2,407)	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities (note 29)	–	–	–	–	–	–	(20,876)	–	–	20,876	–	–	–	–
Distribution paid to holders of perpetual capital securities (note 29)	–	–	–	–	–	–	–	–	–	(20,646)	–	(20,646)	–	(20,646)
Adjustment on redemption value of the option granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(4,813)	(4,813)	(2,232)	(7,045)
Acquisition of non-controlling interests	–	–	–	–	–	–	(1,228)	–	–	–	–	(1,228)	(2,733)	(3,961)
Transfer of interest to non-controlling interests without change of control	–	–	–	–	–	–	–	–	–	–	–	–	2,912	2,912
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	5,413	5,413
Dividend distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(1,075)	(1,075)
Dividend distributions	–	–	–	–	–	–	(69,886)	–	–	–	–	(69,886)	–	(69,886)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	4,462	4,462
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1)	(1)
Share repurchased and cancellation	–	(67,957)	–	–	–	–	–	–	–	–	–	(67,996)	–	(67,996)
Issue of shares upon exercise of share options (note 28)	2	2,956	–	–	(2,958)	–	–	–	–	–	–	–	–	–
Issue of shares pursuant to Long Term Incentive Scheme (note 28)	–	2,665	–	–	(8,072)	–	–	–	–	–	–	(5,407)	–	(5,407)
Transfer of share-based payment reserve upon the forfeiture of share options	–	–	–	–	(1,865)	–	1,865	–	–	–	–	–	–	–
Share-based compensation arrangement	–	–	–	–	12,281	–	–	–	–	–	–	12,281	–	12,281
<b>As at 30 June 2023 (unaudited)</b>	4,385	6,385,883	4,802	56,358	48,516	(590,870)	2,251,433	(160,130)	48,501	742,731	(13,438)	8,775,342	347,280	9,122,622

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(188,955)	372,631
Adjustments for:			
Amortisation of other intangible assets	5	17,343	13,855
Changes in carrying value of financial assets at fair value through profit or loss	4	17,416	(140)
Changes in fair value of assets held for sale	4	5,429	(3,495)
Changes in fair value of financial derivative assets		4,532	—
Depreciation of property, plant and equipment	5	3,019	3,211
Depreciation of right-of-use assets	5	7,320	5,950
Dividend income	4	(41,667)	(52,694)
Fair value losses/(gains) on completed investment properties	4	60,615	(3,908)
Fair value gains on investment properties under construction	4	(30,871)	(111,399)
Finance costs	6	153,640	158,789
Gain on disposal of interests in joint ventures and associates	4	—	(64)
Gain on disposal of investment properties	4	—	(13,650)
Gain on disposal of subsidiaries	4	(5,373)	(199)
Gain on disposal of interests in financial assets at fair value through profit or loss	4	—	(1,853)
(Gain)/Loss on disposal of items of property, plant and equipment	5	(44)	47
Interest income	4	(14,547)	(16,988)
Impairment of investments in joint ventures and associates		2,905	—
Impairment of assets held for sale		97,411	—
Impairment of trade receivables and other receivables and bad debt written off		1,351	—
Loss on disposal of assets held for sale	4	—	441
Management fee received/receivable in units		(21,613)	(20,319)
Other income		—	(1,373)
Share-based compensation expense	5	5,759	12,281
Share of profits and losses of joint ventures and associates, net		7,254	(78,382)
		<b>80,924</b>	262,741
Decrease/(Increase) in trade receivables		<b>142,749</b>	(141,953)
Increase in prepayments, other receivables and other assets		<b>(7,912)</b>	(27,444)
Decrease in trade payables, accruals and other payables		<b>(25,403)</b>	(12,598)
<b>Cash flows generated from operations</b>		<b>190,358</b>	80,746
Income tax paid		<b>(28,777)</b>	(60,645)
Dividend income received from financial assets at fair value through profit or loss		<b>1,540</b>	910
Disposal of financial assets at fair value through profit or loss		—	931
<b>Net cash flows generated from operating activities</b>		<b>163,121</b>	21,942

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<b>Cash flows from investing activities</b>		
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, joint ventures and associates	(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 assets held for sale	1,015	—
Disposal of financial assets at fair value through profit or loss	72	—
Disposal of interests in joint ventures and associates	—	30,654
Disposal of investment properties	—	33,168
Disposal of property, plant and equipment	255	—
Disposal of subsidiaries	153,590	2,132
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
Dividend income from quoted financial assets	25,593	31,282
Dividend income from unquoted financial assets	12,777	19,957
Release/(Increase) of non-pledged fixed time deposits with a maturity period over three months	250	(1,285)
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 loans to directors of the Company	2,400	—
<b>Net cash flows used in investing activities</b>	<b>(151,728)</b>	<b>(618,295)</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<b>Cash flows from financing activities</b>		
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 balances	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 of 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
<b>Net cash generated from financing activities</b>	<b>157,994</b>	<b>10,697</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>169,387</b>	<b>(585,656)</b>
Cash and cash equivalents at beginning of period	924,938	1,717,672
Effect of foreign exchange rate changes, net	(45,677)	(66,139)
<b>Cash and cash equivalents at end of period</b>	<b>1,048,648</b>	<b>1,065,877</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
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)
<b>Cash and cash equivalents as stated in the condensed consolidated statement of cash flows</b>	<b>1,048,648</b>	<b>1,065,877</b>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 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 Hong Kong office is located at Suites 2905-06, Two Exchange Square, 8 Connaught Place, Central.

The Company and its subsidiaries (together, the “**Group**”) are 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 Standard (“**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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “<b>2020 Amendments</b>”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “<b>2022 Amendments</b>”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 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.



# Notes to Condensed Consolidated Financial Information

30 June 2024

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

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

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 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
<b>Segment revenue</b>	39,849	402,932	12,626	455,407
— Intersegment sales	—	5,939	—	5,939
	39,849	408,871	12,626	461,346
<i>Reconciliation:</i>				
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 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 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
Gain/(Loss) on disposal of subsidiaries	—	(2)	201	199
Loss on disposal of assets held for sale	(441)	—	—	(441)
Other income	—	1,373	1,000	2,373
<b>Segment result</b>	120,187	328,698	147,737	596,622
<i>Reconciliation:</i>				
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)
<b>Profit before tax from continuing operations</b>				372,631
<b>Other segment information</b>				
Depreciation and amortisation				(23,016)
Capital expenditure*				176,539
Investments in joint ventures and associates				3,292,677

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

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) 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
U.S.	3,198	3,084
	<b>312,468</b>	<b>455,407</b>

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

#### (b) Non-current assets

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Greater China	4,206,134	4,334,391
Japan	1,340,883	1,505,439
South Korea	528,176	554,384
Australia and New Zealand	2,192,184	2,311,989
Southeast Asia	2,211,248	2,277,015
India	187,548	216,581
Europe	487,621	408,875
U.S.	—	176,579
	<b>11,153,794</b>	<b>11,785,253</b>

The non-current assets information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

### Information about major customers

There were 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 (30 June 2023: Revenue from continuing operations of approximately US\$76,713,000 from fund management segment by a single customer).

# Notes to Condensed Consolidated Financial Information

30 June 2024

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

### (a) Revenue

An analysis of revenue is as follows:

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

### Timing of revenue recognition

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

Note:

(i) No variable lease payments exist in all rental contracts.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS, NET (continued)

### (b) Other income and gains, net

	Note	For the six months ended 30 June	
		2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Changes in carrying value of financial assets 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	13	(60,615)	3,908
Fair value gains on investment properties under construction	13	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
		<b>8,370</b>	<b>214,796</b>

## 5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

### (a) Employee benefit expense

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Wages and salaries (including directors' and chief executive's remuneration)	123,907	120,603
Share-based compensation expense (note 28)	5,759	12,281
Pension scheme contributions <sup>#</sup>	6,146	5,639
	<b>135,812</b>	<b>138,523</b>

<sup>#</sup> There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 5. (LOSS)/PROFIT BEFORE TAX (continued)

The Group's (loss)/profit before tax is arrived at after charging: (continued)

### (b) Other items

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Amortisation of other intangible assets (note (i))	17,343	13,855
Auditor's remuneration	2,190	2,074
Construction cost (note (ii))	15,539	2,699
Depreciation of property, plant and equipment	3,019	3,211
Depreciation of right-of-use assets	7,320	5,950
Exchange losses	4,681	—
Impairment of investments in joint ventures and associates	2,905	—
Impairment of assets held for sale	97,411	—
Impairment of trade receivables and other receivables and bad debt written off	1,351	26
(Gain)/Loss on disposal of items of property, plant and equipment	(44)	47
Other tax expenses	7,070	7,885
Professional service fee	19,290	12,490

Notes:

- (i) Amortisation of other intangible assets for the six months ended 30 June 2024 and 2023 are included in "Administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) The construction costs for the six months ended 30 June 2024 and 2023 are included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) 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.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 7. INCOME TAX EXPENSE

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

During the period, Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2023: 16.5%) on the assessable profits arising in Hong Kong.

During the period, China profits tax has been provided at the rate of 25% (30 June 2023: 25%) on the assessable profits arising in China.

During the period, Singapore profits tax has been provided at the rate of 17% (30 June 2023: 17%) on the assessable profits arising in Singapore.

During the period, Australia profits tax has been provided at the rate of 30% (30 June 2023: 30%) on the assessable profits arising in Australia.

Taxes on estimated assessable profits elsewhere were calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

## 8. 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 the financial year ended 31 December 2022), amounting to 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).

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

Basic (loss)/earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company (excluding distributions to holders of perpetual capital securities issued by a subsidiary) by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares of 4,226,905,000 (30 June 2023: 4,403,420,000) in issue during the period.

The calculation of the diluted (loss)/earnings per share amounts is based on the loss or profit for the period attributable to ordinary equity holders of the Company, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.



# Notes to Condensed Consolidated Financial Information

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

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) 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 (loss)/earnings per share	(232,225)	275,419
	For the six months ended 30 June	
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares in issue, used in the basic (loss)/earnings per share calculation	4,226,905	4,403,420
Effect of dilution — weighted average number of ordinary shares:		
Share options and Long Term Incentive Scheme issued by the Company	—	27,253
	4,226,905	4,430,673

The diluted (loss)/earnings per share amount is increased when taking convertible bonds into account as the convertible bonds that were fully redeemed or converted and cancelled had an anti-dilutive effect on the basic (loss)/earnings per share for the period ended 30 June 2023. Accordingly, these were ignored in the calculation of diluted (loss)/earnings per share. The diluted (loss)/earnings per share amounts is based on the loss attributable to ordinary equity holders of the Company (excluding distributions to holders of perpetual capital securities issued by a subsidiary) of US\$232,225,000 (30 June 2023: profit of US\$275,419,000), and the weighted average number of ordinary shares, after adjustment for the effect of Share options and Long Term Incentive Scheme issued by the Company, of 4,226,905,000 (30 June 2023: 4,430,673,000) in issue during the period.

## 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Share of net assets from joint ventures	967,045	948,256
Share of net assets from associates	1,687,460	1,791,795
Goodwill on retaining interests in joint ventures and associates	124,830	130,582
	2,779,335	2,870,633
Shareholder loan to joint ventures	529,206	510,922
	3,308,541	3,381,555

Shareholder loan to joint ventures are unsecured and interest-free. It is part of the capital commitment to the joint ventures and is only repayable upon mutually agreed by all joint ventures partners. Accordingly, the shareholder loan is considered as part of the Group's investments in the joint venture.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 10. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

Particulars of the Group's material joint ventures and associates are as follows:

Name	Place of registration and business	Percentage of			Principal activities	Classified as investment in
		Ownership interest	Voting power	Profit sharing		
e-Shang Star Cayman Limited ("e-Shang Star")	Cayman Islands	25.6455%	25.6455%	25.6455%	Investment holding	Joint venture
Sunwood Star Pte. Ltd. ("Sunwood Star")	Singapore	20.00%	20.00%	20.00%	Investment holding	Joint venture
ESR GIC Limited ("ESR-GIC")	British Virgin Islands	51.00%	51.00%	51.00%	Investment holding	Joint venture
ESR Milestone Partnership ("EMP")	Australia	20.00%	20.00%	20.00%	Investment holding	Associate
Cromwell Property Group	Australia	30.69%	30.69%	30.69%	Property investment, funds management, property management and property development	Associate
Kenedix, Inc	Japan	30.00%	30.00%	30.00%	Fund management	Associate
BW Industrial Development Joint Stock Company ("BW")	Vietnam	15.57%	note (i)	15.57%	Warehousing and storage business, property management and property development	Associate

Note:

(i) The Group has voting power of 15.57% at shareholder meeting, and 1 vote at board of director meeting.

The joint ventures and associates are accounted for using equity method. Unanimous agreements of all joint venture parties are required for key investments and operational decisions in joint ventures.

Investments in joint ventures and associates with a carrying amount of US\$379,472,000 (31 December 2023: US\$405,721,000) were pledged to secure certain bank and other borrowings of the Group (note 18).

As of 30 June 2024, the fair value of a material associate based on its quoted market price was amounted to US\$208,396,000 (31 December 2023: US\$228,402,000).

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
<b>Current</b>		
Listed equity investments, at fair value (note (i))	38,452	34,494
<b>Non-current</b>		
Unquoted equity interests, at fair value (note (ii))	764,300	802,820
	<b>802,752</b>	<b>837,314</b>

Notes:

- (i) Listed equity investments at fair value represent the Group's investments in publicly listed companies, which are quoted in active markets.
- (ii) The fair value of these investments is estimated based on the Group's share of the net asset value of the investment funds and associates.

In accordance with the exemption in IAS 28 Investments in associates, the Group has elected to measure its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for associates and a joint venture.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Listed equity investments, at fair value	734,179	820,246
Unlisted equity investments, at fair value	117,146	230,196
	<b>851,325</b>	<b>1,050,442</b>

Listed equity investments at fair value represent the Group's investments in publicly listed companies, which are quoted in active markets.

The fair value of unlisted equity investments is estimated based on the Group's share of the net asset value of the investment funds.

As at 30 June 2024, the above equity investments of US\$851,325,000 (31 December 2023: US\$1,050,442,000) were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the period, the Group recognised loss arising from its equity investments amounted to US\$91,508,000 (30 June 2023: US\$48,176,000) in other comprehensive income. The Group also recognised dividend income in respect of its equity investments amounted to US\$27,396,000 (30 June 2023: US\$32,431,000) in the statement of profit or loss.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The listed equity investments comprise the following:

	Fair value as at 30 June 2024 (Unaudited) US\$'000
Hong Kong Exchanges and Clearing Limited ("HKEX")	
• Investment A	3,851
Singapore Exchange Securities Trading Limited ("SGX")	
• Investment B	262,578
• Investment C	58,894
• Investment D	95,468
• Investment E	235,782
Korea Exchange ("KRX KOSPI")	
• Investment F	77,606
	<b>734,179</b>

Listed equity investments at market value with a fair value of US\$167,730,000 as at 30 June 2024 (31 December 2023: US\$197,545,000) have been pledged to secure certain bank and other borrowings granted to the Group (note 18).

# Notes to Condensed Consolidated Financial Information

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## 13. 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
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)
Disposals	—	(42,836)	(42,836)
Disposal of subsidiaries	(134,042)	(332,826)	(466,868)
Exchange realignment	(34,236)	(81,486)	(115,722)
At 31 December 2023 (audited) and 1 January 2024	<b>1,962,820</b>	<b>1,238,552</b>	<b>3,201,372</b>
Additions	—	<b>197,035</b>	<b>197,035</b>
Disposal of subsidiaries (note 23)	<b>(37,263)</b>	<b>(76,714)</b>	<b>(113,977)</b>
Changes in fair values of investment properties	<b>(60,615)</b>	<b>30,871</b>	<b>(29,744)</b>
Reclassification to assets of a disposal group held for sale	<b>(60,347)</b>	<b>(221,910)</b>	<b>(282,257)</b>
Exchange realignment	<b>(39,261)</b>	<b>(67,923)</b>	<b>(107,184)</b>
At 30 June 2024 (unaudited)	<b>1,765,334</b>	<b>1,099,911</b>	<b>2,865,245</b>

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<b>Statement of profit or loss and other comprehensive income</b>		
Rental income from investment property	<b>34,998</b>	36,695
Direct operating expenses arising from		
— investment properties generating rental income	<b>10,863</b>	7,468
— investment properties not generating rental income	<b>3,649</b>	1,739

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 13. INVESTMENT PROPERTIES (continued)

- (a) All completed investment properties and investment properties under construction of the Group were revalued at 30 June 2024 based on valuation performed by independent professionally qualified valuers, Beijing Colliers International Real Estate Valuation Co., Ltd., Jones Lang LaSalle Property Consultants India Private Limited., and Cushman & Wakefield K.K. at fair value. They are industry specialists in investment property valuation.

In determining fair value, a combination of approaches and methods were used, including the Direct Comparison Method and Discounted Cash Flow Method. The Direct Comparison Method is applied based on the market prices of comparable properties. Comparable properties with similar sizes, characters and locations were analysed, and weighted against all respective advantages and disadvantages to arrive at the fair value of the properties. The Discounted Cash Flow Method measures the value of a property by the present worth of the net economic benefit to be received over the life of the asset.

- (b) Completed investment properties leased out under operating leases

The Group leases out completed investment properties under operating lease arrangements. All leases run for a period of one to ten years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from completed investment properties are as follows:

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Within one year	59,123	57,915
After one year but within two years	42,399	45,853
After two years but within three years	21,987	24,917
After three years but within four years	16,388	15,102
After four years but within five years	7,441	9,079
After five years	2,554	3,124
	<b>149,892</b>	155,990

- (c) Certain of the Group's completed investment properties and investment properties under construction with a fair value of US\$2,616,437,000 (31 December 2023: US\$2,896,812,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 18.

- (d) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Quoted prices in active markets (Level 1)	—	—
Significant observable inputs (Level 2)	114,923	267,935
Significant unobservable inputs (Level 3)	2,750,322	2,882,819
	<b>2,865,245</b>	3,150,754

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 (30 June 2023: nil).

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 13. INVESTMENT PROPERTIES (continued)

### (d) Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
At 1 January	3,088,516	2,624,209
Additions	170,787	124,448
Changes in fair value of investment properties	(30,515)	115,528
Disposal	—	(32,203)
Disposal of subsidiaries	(92,120)	(9,805)
Transfer from Level 2 to Level 3	—	372,848
Reclassification to assets held for sale	(282,257)	(203,936)
Exchange realignment	(104,089)	(108,270)
At 30 June	2,750,322	2,882,819

The valuation of investment properties categorised within Level 2 of the fair value hierarchy is based on comparable market transactions for which the Group considers sales of similar properties that have been transacted in the open market.

Below is a summary of the valuation techniques used and the key unobservable inputs to the valuation of investment properties categorised within Level 3 of the fair value hierarchy as at 30 June 2024 and 31 December 2023:

Investment property details	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Logistics Facility, Data Centres, Land	Income capitalisation	<b>Capitalisation rate:</b> China: 5.40% to 7.00% (2023: 5.40% to 7.00%) Japan: 4.00% to 4.80% (2023: 3.30% to 4.80%) India: N/A (2023: N/A)	The estimated fair value varies inversely against capitalisation rate
	Discounted cash flow	<b>Discount rate:</b> China: 7.25% to 9.00% (2023: 7.25% to 9.00%) Japan: 3.80% to 4.60% (2023: 3.10% to 4.70%) India: 11.23% to 13.85% (2023: 11.27% to 14.50%)	The estimated fair value varies inversely against the discount rate
		<b>Terminal capitalisation rate:</b> China: 4.25% to 6.25% (2023: 4.25% to 6.25%) Japan: 4.10% to 5.10% (2023: 3.50% to 5.20%) India: 7.50% (2023: 7.50%)	The estimated fair value varies inversely against the terminal capitalisation rate

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 14. GOODWILL

	US\$'000
<b>At 1 January 2023</b>	
Cost	3,455,498
Accumulated impairment	—
Net carrying amount	3,455,498
Cost at 1 January 2022, net of accumulated impairment	3,455,498
Acquisition of subsidiaries	27,075
Impairment	(13,571)
Exchange realignment	440
At 31 December 2023 (audited)	3,469,442
<b>At 31 December 2023</b>	
Cost	3,483,013
Accumulated impairment	(13,571)
Net carrying amount	3,469,442
Cost at 1 January 2024, net of accumulated impairment	3,469,442
Reclassification to assets of a disposal group held for sale	(118,870)
Exchange realignment	22
At 30 June 2024 (unaudited)	3,350,594
<b>At 30 June 2024</b>	
Cost	3,364,165
Accumulated impairment	(13,571)
Net carrying amount	3,350,594

The carrying amounts of goodwill allocated to each cash-generating unit of business are as follows:

### Asset management business

	As at 30 June 2024 (Unaudited) US\$'000	As at 31 December 2023 (Audited) US\$'000
Redwood	210,480	210,480
Infinitysub	34,370	34,370
ESR Australia	284,216	284,216
SIP <sup>(i)</sup>	—	—
ARA	2,821,528	2,940,376
Total	3,350,594	3,469,442

(i) Pursuant to the results of an Extraordinary General Meeting ("EGM"), resolution was passed to internalize the REIT management function of Sabana REIT that is managed by an indirect subsidiary of the Group (the "REIT Manager" or "SIP"). Management has assessed that the outcome of the internalization of the REIT Manager which is administered by the Trustee of Sabana REIT is not within the control of the Group. Consequently, the goodwill of SIP CGU was fully impaired in the financial year ended 31 December 2023.



# Notes to Condensed Consolidated Financial Information

30 June 2024

## 15. OTHER INTANGIBLE ASSETS

	Software US\$'000	Management contracts US\$'000	Trust management rights with indefinite useful lives US\$'000 (note (i),(ii) and (iii))	Customer contracts US\$'000	Others US\$'000	Total US\$'000
<b>30 June 2024</b>						
At 1 January 2024:						
Cost	4,509	224,957	1,163,606	3,678	2,665	1,399,415
Accumulated amortisation	(3,248)	(89,553)	—	(3,678)	—	(96,479)
Net carrying amount	1,261	135,404	1,163,606	—	2,665	1,302,936
At 1 January 2024, net of accumulated amortisation						
	1,261	135,404	1,163,606	—	2,665	1,302,936
Additions	425	—	—	—	—	425
Amortisation provided during the period	(366)	(16,977)	—	—	—	(17,343)
Reclassification to assets of a disposal group held for sale	—	(29,332)	(53,742)	—	(1,921)	(84,995)
Exchange realignment	26	(320)	(604)	—	(173)	(1,071)
At 30 June 2024 (unaudited)	1,346	88,775	1,109,260	—	571	1,199,952
At 30 June 2024:						
Cost	4,671	167,066	1,109,260	3,614	571	1,285,182
Accumulated amortisation	(3,325)	(78,291)	—	(3,614)	—	(85,230)
Net carrying amount	1,346	88,775	1,109,260	—	571	1,199,952
<b>31 December 2023</b>						
At 1 January 2023:						
Cost	3,855	199,650	1,178,477	3,649	2,344	1,387,975
Accumulated amortisation	(2,916)	(58,656)	—	(3,649)	—	(65,221)
Net carrying amount	939	140,994	1,178,477	—	2,344	1,322,754
At 1 January 2023, net of accumulated amortisation						
	939	140,994	1,178,477	—	2,344	1,322,754
Additions	759	10,646	—	—	—	11,405
Acquisition of subsidiaries	—	14,117	—	—	—	14,117
Amortisation provided during the year	(553)	(30,740)	—	—	—	(31,293)
Impairment	—	—	(15,596)	—	—	(15,596)
Reversal of impairment	—	—	—	—	344	344
Exchange realignment	116	387	725	—	(23)	1,205
At 31 December 2023 (audited)	1,261	135,404	1,163,606	—	2,665	1,302,936
At 31 December 2023:						
Cost	4,509	224,957	1,163,606	3,678	2,665	1,399,415
Accumulated amortisation	(3,248)	(89,553)	—	(3,678)	—	(96,479)
Net carrying amount	1,261	135,404	1,163,606	—	2,665	1,302,936

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 15. OTHER INTANGIBLE ASSETS (continued)

Notes:

- (i) In June 2019, the Group had acquired SIP, an asset management company providing trust management services in Singapore. The trust management services are expected to continuously contribute to the net cash inflow of the Group.

The Group's trust management rights have indefinite useful lives and are allocated to the Group's SIP asset management business, which is treated as a cash-generating unit for impairment testing. Intangible asset impairment loss of US\$15,596,000 was provided in financial year ended 31 December 2023. The impairment loss was included in Administrative Expenses.

- (ii) In January 2017, the Group had acquired Infinitysub Pte. Ltd. ("**Infinitysub**"), an asset management company providing trust management and property management services in Singapore.

In October 2018, the Group had acquired Viva Industrial Trust Management Pte. Ltd. ("**VITM**"), an asset management company providing trust management services in Singapore. Through the acquisition, the management rights of Viva Trust were transferred to ESR-LOGOS Funds Management (S) Limited ("**E-LOG FM**"), a subsidiary of Infinitysub and the manager of ESR-LOGOS REIT. VITM was subsequently dissolved in May 2021.

In May 2022, there was a merger between ESR-LOGOS REIT and ARA LOGOS Logistics Trust ("**ALOG Trust**"). Consequently, Infinitysub through E-LOG FM now provides trust management services to ESR-LOGOS REIT and its sub-trusts, namely Viva Trust and ALOG Trust (collectively, "**E-LOG Group**").

The trust management services are expected to continuously contribute to the net cash inflow of the Group.

The Group's trust management rights under Infinitysub are expected to have indefinite useful lives as the trust deeds constituting the aforementioned trusts do not limit the time period over which E-LOG FM may serve as the trusts' manager. Management considers Infinitysub asset management business of E-LOG Group as a single cash generating unit ("**CGU**") based on how it monitors the business and makes decisions regarding the assets and operations, in this regard management does not make a distinction between ESR-LOGOS REIT and its sub-trusts. The trust management rights under Infinitysub are therefore treated as a single CGU.

- (iii) In January 2022, the Group had acquired ESR Asset Management Limited (formerly known as ARA Asset Management Limited) and its subsidiaries (collectively referred to as "**ARA Group**"), an asset management company providing trust management and property management services including in Singapore and Hong Kong. The Group's trust management rights are expected to have indefinite useful lives as the trust deed does not stipulate a fixed termination date until it is removed or the trust is terminated. Accordingly, the related trusts can exist perpetually. The trust management rights are allocated to the Group's ARA asset management business, which is treated as a cash-generating unit.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 16. OTHER NON-CURRENT ASSETS

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Contract costs	228	277
Consideration receivable from disposal of subsidiaries	2,098	2,222
Due from joint ventures	22,758	20,000
Due from non-controlling interests of subsidiaries	14,391	30,173
Financial derivative assets	35,267	13,235
Investment in Optionally Convertible Debentures (note (i))	5,697	5,902
Investment in Non-convertible Debentures	14,318	13,577
Input tax recoverable	13,979	23,458
Loan receivables from third parties	32,176	24,541
Prepayments for acquiring land use rights	167,145	169,393
Prepayments for construction	665	—
Receivable from funds	49,899	39,869
Rental deposits	5,348	5,661
Rental income receivables	1,148	707
Others	12,216	13,276
	<b>377,333</b>	<b>362,291</b>

Note:

- (i) The Group subscribed to the Optionally Convertible Debentures ("OCD") issued by the Group's joint ventures. The OCD, at the request of the lender and consent of the borrower, shall be convertible into equity shares at any time before 3 years from the drawdown date, but before the date of completion of 6 years from the drawdown date. The OCD may be converted into equity shares in one or more tranches. The OCD shall convert into equity shares at the fair market value of the equity shares on the date of conversion of OCD into equity shares. The outstanding OCD that are neither converted nor redeemed, shall be compulsorily redeemed on the date of completion of 6 years from the drawdown date. The fair value measurement for the OCD has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 31).

The balances due from non-controlling interests of subsidiaries are non-trade in nature and unsecured. As at 30 June 2024, the balance of US\$11,918,000 (31 December 2023: US\$27,549,000) bears interest of 4.00% to 5.25% (2023: 4.00% to 5.50%) per annum. The remaining balance is non-interest bearing.

The balance due from joint ventures are non-trade in nature and unsecured. As at 30 June 2024, the balance of US\$22,362,000 (31 December 2023: US\$19,576,000) bears interest of 6.00% to 9.43% (31 December 2023: 6.00% to 9.21%) per annum. The remaining balance is non-interest bearing.

The receivable from funds are non-trade in nature and unsecured. As at 30 June 2024, the balance of US\$49,899,000 (31 December 2023: US\$39,869,000) bears interest of 3.00% to 15.00% per annum.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 17. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging 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:

	30 June 2024 (Unaudited) US\$'000	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	<b>365,429</b>	532,861

## 18. BANK AND OTHER BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate (%)	Maturity	US\$'000 (Unaudited)	Effective interest rate (%)	Maturity	US\$'000 (Audited)
<b>Current</b>						
Bank loans — secured	1.77–9.15	2024–2025	303,138	1.77–9.90	2024	111,904
Bank loans — unsecured	3.55–7.66	2024	718,685	3.55–7.67	2024	720,913
Other borrowings — unsecured	10.00	2025	6,603	10.00	2024	6,714
Bonds — unsecured	5.10	2025	165,890	4.15	2024	60,353
			<b>1,194,316</b>			899,884
<b>Non-current</b>						
Bank loans — secured	0.62–9.60	2025–2044	1,174,227	0.62–9.90	2025–2043	1,221,658
Bank loans — unsecured	0.78–8.16	2025–2030	3,635,918	0.66–8.17	2025–2030	3,480,574
Bonds — unsecured	1.16–1.68	2026–2030	186,602	1.16–5.10	2025–2030	377,437
			<b>4,996,747</b>			5,079,669
Convertible bonds (note 21)			—			—
			<b>4,996,747</b>			5,079,669
			<b>6,191,063</b>			5,979,553

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 18. BANK AND OTHER BORROWINGS (continued)

Debt maturity profile of bank and other borrowings:

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
<b>Bank loans repayable</b>		
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
	<b>5,831,968</b>	5,535,049
<b>Bonds and other borrowings repayable</b>		
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
	<b>359,095</b>	444,504
	<b>6,191,063</b>	5,979,553

Note:

As at 30 June 2024, certain of the Group's completed investment properties and investment properties under construction in a total fair value of US\$2,616,437,000 (31 December 2023: US\$2,896,812,000), property, plant and equipment with a carrying amount of US\$32,311,000 (31 December 2023: US\$32,162,000), pledged bank deposits with an amount of US\$176,000 (31 December 2023: US\$632,000), listed equity interests at market value with a fair value of US\$167,730,000 (31 December 2023: US\$197,545,000), investments in joint ventures and associates with carrying amount of US\$379,472,000 (31 December 2023: US\$405,721,000), assets held for sale of US\$250,019,000 (31 December 2023: US\$52,411,000), and equity interests of certain subsidiaries were pledged to secure bank and other borrowings granted to the Group.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 19. OTHER NON-CURRENT LIABILITIES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Amounts due to related parties (note (i))	2,965	2,806
Deferred revenue	4,669	8,147
Provision for long services payment and retirement pension	525	263
Long-term employee benefits liability	904	6,512
Redemption value of the option granted to non-controlling shareholders of a subsidiary (note (ii))	—	112,864
Security deposits	7,489	7,808
Others	1,508	934
	<b>18,060</b>	<b>139,334</b>

Notes:

- (i) The amounts due to related parties are non-trade in nature and unsecured. As at 30 June 2024, the balance bears interest of 11.61% to 19.16% (31 December 2023: 11.82% to 12.25%) per annum.
- (ii) The redemption value of the option granted to non-controlling shareholders of a subsidiary represents liabilities of the Group to acquire interest owned by the non-controlling shareholders of a subsidiary, determined based on net asset fair value.

Pursuant to the Company announcement on 21 and 26 July 2024, the Company has completed the acquisition of the interest owned by a non-controlling shareholder of the subsidiary on 20 June 2024; and entered into share purchase agreements with the remaining non-controlling shareholders on 25 July 2024. Refer to announcement dated 21 and 26 July 2024 for more details.

Consequently, the redemption value of option granted to non-controlling shareholders of a subsidiary has been reclassified to Trade payables, accruals and other payables (Note 20) as of 30 June 2024.

## 20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Trade payables, accruals and other payables balance comprise of:

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Trade payables	18,210	13,681
Redemption value of the option granted to non-controlling shareholders of a subsidiary	170,983	—
Accruals and other payables	368,187	347,028
Total	<b>557,380</b>	<b>360,709</b>

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

	30 June 2024 (Unaudited) US\$'000	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	<b>18,210</b>	<b>13,681</b>

The amounts due to related parties of US\$28,574,000 (31 December 2023: US\$15,088,000) are non-trade in nature, unsecured, and payable on demand. As at 30 June 2024, the balance of US\$411,000 (31 December 2023: US\$410,000) bears an interest of 6.10% (31 December 2023: 6.10%) per annum. The remaining balance is interest-free.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 21. CONVERTIBLE BONDS

There was no outstanding convertible bonds as at 31 December 2023 and 30 June 2024.

On 9 September 2020, the Company issued US\$350,000,000 in principal amount of 1.50% convertible bonds due 2025. The convertible bonds could be converted into ordinary shares of the Company at the option of the convertible bondholders at the prevailing conversion price on or after the date which is 41 days after 30 September 2020 up to and including on the ten day prior to 30 September 2025 (“**Maturity Date**”) (both days inclusive). On the date of issuance, the initial conversion price was HK\$32.13 per share (“**Conversion Price**”), subject to adjustment upon occurrence of certain prescribed events based on the terms and conditions of the convertible bonds.

Subject to satisfaction of certain conditions, the convertible bonds could be redeemed at the option of the Company at any time after 30 September 2023 and prior to the Maturity Date, in whole, but not in part, for the time being outstanding at their principal amount, together with interest accrued but unpaid to but excluding the date fixed for redemption.

The Company could, at the option of the convertible bondholder to redeem all or some only of such holder’s convertible bonds on 30 September 2023 at 100% of their principal amount, together with interest accrued but unpaid up to but excluding such date.

The convertible bonds were interest-bearing at 1.50% per annum payable semi-annually in arrears in March and September respectively.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount was assigned as the equity component and is included in shareholders’ equity.

### Redemption and Cancellation of Convertible Bonds during 2023

The Company announced on 15 September 2023 that, due to the declaration of interim dividend and final dividend for 2022 and interim dividend for 2023 respectively, accordingly the conversion price of the convertible bonds was adjusted to HK\$31.61 per share with effect from 17 June 2023, and to HK\$31.29 per Share with effect from 15 September 2023 respectively, as per the adjustment provisions stipulated under the terms and conditions of the convertible bonds. Based on the total outstanding principal amount of the convertible bonds of US\$350,000,000 on the date of the announcement and the adjusted conversion price, 86,693,512 additional shares could be issued upon conversion of all the outstanding convertible bonds.

On 29 September 2023, the Company announced that it received a conversion notice from a holder of the convertible bonds for the exercise of the conversion rights attached to the convertible bonds in respect of the aggregate principal amount of US\$800,000 (the “**Converted Bonds**”). All of the Converted Bonds have been converted to ordinary shares (the “**Conversion Shares**”) and a total number of 196,150 Conversion Shares were issued to the bondholder on 19 September 2023 in accordance with the terms and conditions of the convertible bonds.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 21. CONVERTIBLE BONDS (continued)

### Redemption and Cancellation of Convertible Bonds during 2023 (continued)

The terms and conditions of the bonds provide, among other matters, that the Issuer could, at the option of the holder of any convertible bonds (the “**Put Option**”), redeem all or some only of such holder’s bonds on 30 September 2023 at 100 per cent. of their principal amount, together with interest accrued but unpaid up to but excluding such date.

At the same date, the Company announced that as the holders of the convertible bonds in an aggregate principal amount of US\$348,600,000 gave notice to exercise their Put Option, the Company had on 29 September 2023 fully redeemed parts of the outstanding convertible bonds in an aggregate principal amount of US\$348,600,000, representing approximately 99.6% of the initial aggregate principal amount of the convertible bonds.

On 4 October 2023, the Company served a notice to exercise its right to redeem all and not some only of the outstanding convertible bonds in the aggregate principal amount of US\$600,000 on 3 November 2023. Following such redemption, the redeemed bonds were cancelled in accordance with the terms and conditions of the convertible bonds and none of the convertible bonds remained outstanding as of 31 December 2023 and 30 June 2024.

The convertible bonds issued were split into the liability and equity components as follows:

	Liability component US\$'000	Equity component US\$'000	Total US\$'000
Issue of convertible bonds	301,499	48,501	350,000
Direct transaction costs	(4,959)	—	(4,959)
At the issuance date	296,540	48,501	345,041
At 1 January 2023	319,053	48,501	367,554
Effective interest expense	11,901	—	11,901
Net increase in interest payable	(3,922)	—	(3,922)
Conversion of convertible bonds	(747)	(111)	(858)
Redemption of convertible bonds	(326,285)	(48,390)	(374,675)
At 31 December 2023 (audited) and 30 June 2024 (unaudited) (note 18)	—	—	—



# Notes to Condensed Consolidated Financial Information

30 June 2024

## 22. DISPOSAL GROUP HELD FOR SALE

Disposal group held for sale is primarily related to the following portfolio of warehousing facilities:

### Hong Kong warehousing facility

The Group has initiated the sale of a portfolio of warehousing facility (the “**Target Entity**”) in Hong Kong with potential investors. The Target Entity is a wholly-owned subsidiary of the Company as of 30 June 2024. As a result, all assets and liabilities of the Target Entity (including the investment property) were reclassified as disposal group held for sale as at 30 June 2024.

Details of assets and liabilities classified as held for sale as at 30 June 2024 are as follows:

	As at 30 June 2024 US\$'000
<b>Assets</b>	
Investment properties	253,623
Cash and bank balances	7,199
Other assets	311
Assets of a disposal group classified as held for sale	<b>261,133</b>
<b>Liabilities</b>	
Bank and other borrowings	<b>(127,997)</b>
Other liabilities	<b>(131,428)</b>
Liabilities directly associated with assets classified as held for sale	<b>(259,425)</b>
Net assets directly associated with the disposal group	<b>1,708</b>

As at 30 June 2024, the bank and other borrowings of US\$127,997,000 bears floating interest rate with maturity in August 2028. As of 30 June 2024, the interest rate was 6.77% per annum. The investment property with a fair value of US\$253,623,000 was pledged to secure bank and other borrowings.

The fair value of the investment properties under the disposal group held for sale as at 30 June 2024 was based on the valuation conducted by CBRE Advisory HK Limited using residual method on the investment property which will be developed or converted into a data centre (Level 3).

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 22. DISPOSAL GROUP HELD FOR SALE (continued)

### Cosmosquare OS2 and OS3

During the period, a fund managed by the Group, entered into a joint venture agreement (“**JVA**”) to dispose of a 51% stake in JP DC OS 1 Pte. Ltd. (the entity that holds investment property named OS1) to a capital partner. This transaction is part of a broader collaboration between the Group and the capital partner to jointly develop and operate the data centers (namely, OS1, OS2 and OS3).

In accordance with the JVA, the Group and the capital partner will also enter into joint venture agreements to acquire OS2 and OS3, which are investment properties held by Skye TMK, a wholly-owned subsidiary of the Group. Due to this, the entities holding OS2 and OS3 are classified as disposal group held for sale as of 30 June 2024.

Details of assets and liabilities classified as held for sale as at 30 June 2024 are as follows:

	As at 30 June 2024 US\$'000
<b>Assets</b>	
Investment properties	82,382
Cash and bank balances	3,716
Other assets	65
Assets of a disposal group classified as held for sale	<b>86,163</b>
<b>Liabilities</b>	
Bank and other borrowings	(36,975)
Other liabilities	(5,288)
Liabilities directly associated with assets classified as held for sale	<b>(42,263)</b>
Net assets directly associated with the disposal group	<b>43,900</b>

As at 30 June 2024, the bank and other borrowings of US\$36,975,000 bears floating interest rate with maturity on 31 March 2026. As of 30 June 2024, the interest rate was 1.95% per annum. The investment property with a fair value of US\$82,382,000 was pledged to secure bank and other borrowings.

The fair value of the investment properties for OS2 as at 30 June 2024 was categorised within Level 2 of the fair value hierarchy as it was based on an agreed transacted price. The fair value of the investment properties for OS3 as at 30 June 2024 was categorised within Level 3 of the fair value hierarchy as it was based on the valuation conducted by Cushman & Wakefield K.K. using discounted cash flow valuation methodology.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 22. DISPOSAL GROUP HELD FOR SALE (continued)

### ARA Private Funds business

On 8 March 2024, the subsidiaries of the Company entered into certain Share Purchase Agreements to dispose interests in the ARA Private Funds business in Australia, Singapore, South Korea and U.S. to buyers which include an affiliate of Sumitomo Mitsui Finance and Leasing Co. for an initial consideration based on an agreed enterprise value of US\$270 million for the businesses, subject to adjustments. Pursuant to the Share Purchase Agreements, all assets and liabilities of the ARA Private Funds business were reclassified as disposal group held for sale as at 30 June 2024.

Details of assets and liabilities classified as held for sale as at 30 June 2024 are as follows:

	As at 30 June 2024 US\$'000
<b>Assets</b>	
Investments in joint ventures and associates	6,536
Financial assets at fair value through other comprehensive income	121,593
Financial assets at fair value through profit or loss	8,203
Goodwill arising from acquisition	112,387
Management rights and trust management rights arising from acquisition	29,332
Cash and bank balances	50,791
Other assets	30,661
Assets of a disposal group classified as held for sale	<b>359,503</b>
<b>Liabilities</b>	
Deferred tax liabilities	(6,981)
Other liabilities	(19,613)
Liabilities directly associated with assets classified as held for sale	<b>(26,594)</b>
Net assets directly associated with the disposal group	<b>332,909</b>
<b>Amounts included in accumulated OCI:</b>	
Investment reserve (non-recycling)	35,702
Reserve of disposal group classified as held for sale	<b>35,702</b>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 22. DISPOSAL GROUP HELD FOR SALE (continued)

### ARA US Hospitality Trust ("USHT")

On 27 May 2024, the subsidiaries of the Company entered into Share Purchase Agreements to sell 100% of the total number of issued shares in ARA Trust Management (USH) Pte Ltd and ARA Business Trust Management (USH) Pte Ltd.

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.

Accordingly, all assets and liabilities of ARA Trust Management (USH) Pte Ltd, ARA Business Trust Management (USH) Pte Ltd and stapled securities of ARA US Hospitality Trust were reclassified as disposal group held for sale as at 30 June 2024. The transactions were completed on 9 July 2024.

Details of assets and liabilities classified as held for sale as at 30 June 2024 are as follows:

	As at 30 June 2024 US\$'000
<b>Assets</b>	
Investments in joint ventures and associates	42,215
Cash and bank balances	3,067
Other assets	942
Assets of a disposal group classified as held for sale	<b>46,224</b>
<b>Liabilities</b>	
Other liabilities	(481)
Liabilities directly associated with assets classified as held for sale	(481)
Net assets directly associated with the disposal group	<b>45,743</b>
<b>Amounts included in accumulated OCI:</b>	
Hedge reserves	2,562
Reserve of disposal group classified as held for sale	<b>2,562</b>

In accordance to IFRS 5, the assets and liabilities classified as held for sale were written down to their fair value less costs to sell, resulting in an impairment loss on assets held for sale amounting to US\$97,411,000, which was included in the consolidated statement of profit or loss for the period ended 30 June 2024. The impairment loss on assets held for sale is included in Administrative Expenses.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 23. DISPOSAL OF SUBSIDIARIES

### Fenhu Quansheng

In April 2024, the Group has, through its subsidiary, entered into a sale and purchase agreement to dispose of the 100% interests in a subsidiary, Suzhou Eshang Quansheng Warehousing Service Co., Ltd, to RMB Income Fund.

	<b>US\$'000</b>
<b>Net assets disposed of:</b>	
Investment properties	37,263
Cash and bank balances	43
Other assets	1,748
Bank and other borrowings	(8,143)
Other liabilities	(4,935)
	<u>25,976</u>
Exchange fluctuation reserve	732
Gain on disposal of subsidiaries	3,765
	<u>30,473</u>
<b>Satisfied by:</b>	
Other receivables	<u>30,473</u>

An analysis of the net cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>US\$'000</b>
Cash consideration	—
Cash and bank balances of a subsidiary disposed of	(43)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	<u>(43)</u>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 23. DISPOSAL OF SUBSIDIARIES (continued)

### Sunflower TMK

In April 2024, the Group has, through its wholly-owned subsidiary, entered into a sale and purchase agreement to dispose of the 91.329% interests in a subsidiary, ESR Sunflower TMK, to a third party. Accordingly, the Group lost its control of ESR Sunflower TMK and accounted for its remaining 8.671% ownership in ESR Sunflower TMK as a financial asset at fair value through profit or loss.

	<b>US\$'000</b>
<b>Net assets disposed of:</b>	
Investment properties	21,857
Cash and bank balances	14,566
Other assets	940
Bank and other borrowings	(24,239)
Other liabilities	(72)
	<u>13,052</u>
Gain on disposal of subsidiaries	54
	<u>13,106</u>
<b>Satisfied by:</b>	
Cash	11,970
Financial assets at fair value through profit or loss	1,136
	<u>13,106</u>

An analysis of the net cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>US\$'000</b>
Cash consideration	11,970
Cash and bank balances of a subsidiary disposed of	(14,566)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	<u>(2,596)</u>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 23. DISPOSAL OF SUBSIDIARIES (continued)

### Dangmok Holding

In January 2024, the Group has, through its wholly-owned subsidiary, entered into a sale and purchase agreement to dispose of the 45% interests in a subsidiary, which is Dangmok Holding Pte. Ltd., to a third party.

	<b>US\$'000</b>
<b>Net assets disposed of:</b>	
Investment properties	54,857
Cash and bank balances	379
Other assets	39
Other liabilities	(2,587)
Non-controlling interests	(105)
	<u>52,583</u>
Exchange fluctuation reserve	(2,427)
Gain on disposal of subsidiaries	1,507
	<u>51,663</u>
<b>Satisfied by:</b>	
Cash	23,632
Investments in joint ventures	28,031
	<u>51,663</u>

An analysis of the net cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>US\$'000</b>
Cash consideration	23,632
Cash and bank balances of a subsidiary disposed of	(379)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	<u>23,253</u>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 23. DISPOSAL OF SUBSIDIARIES (continued)

The Group also disposed the following subsidiaries during the period:

Name of subsidiaries disposed	Equity interest disposed	Month of disposal
ECN X Offshore Holdings (HK) Limited	100%	January 2024
ECN X Offshore Holdings (BVI) Limited	100%	January 2024
Arran TMK	46%	March 2024
<b>US\$'000</b>		
<b>Net assets disposed of:</b>		
Cash		43
Other assets		12,359
Other liabilities		(177)
		12,225
Gain on disposal of subsidiaries		47
		12,272
<b>Satisfied by:</b>		
Cash		5,709
Investments in joint ventures		6,563
		12,272

An analysis of the net cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>US\$'000</b>
Cash consideration	5,709
Cash and bank balances of a subsidiary disposed of	(43)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	5,666

## 24. CONTINGENT LIABILITIES

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

## 25. COMMITMENTS

### (a) Operating lease commitments

#### As lessor

The Group leases out its completed investment properties under operating lease arrangements on terms ranging from one to ten years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 30 June 2024 and 31 December 2023, the Group had total future minimum leases receivable under non-cancellable operating leases with its tenants falling due as stated in note 13.



# Notes to Condensed Consolidated Financial Information

30 June 2024

## 25. COMMITMENTS (continued)

### (b) Capital commitments

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Contracted, but not provided for investment properties	311,282	449,607
Contracted, but not provided for plant and machinery	6,724	8,709
Undrawn capital calls to real estate investment funds	1,717,306	1,675,211
	<b>2,035,312</b>	2,133,527

## 26. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the six months ended 30 June 2024 and 2023:

### (a) Transactions with related parties:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
<b>Associates:</b>		
— Management fee income (note (i))	76,426	77,587
— Sale of investment property	—	14,192
— Construction revenue	17,844	—
<b>Joint ventures and associates:</b>		
— Management fees income (note (i))	46,216	42,989
— Repayment from/(Advances to) joint ventures and associates (note (ii))	(9,678)	(11,093)
— Interest income on investment in debentures (note (ii))	1,015	826
<b>Directors:</b>		
— Interest receivables from directors (note 26 (d))	452	438

Notes:

- (i) The Group and its subsidiaries entered into agreements with joint ventures and associates (including their operating subsidiaries) to charge management services, which comprised the following:
- Land acquisition fee at a certain percentage of the net land cost;
  - Development fee at a certain percentage of the total budget of project development cost during the construction period;
  - Asset management fee at a certain percentage of the aggregate costs of the project before stabilisation or at fair value after stabilisation; and
  - Leasing fee in respect of each new lease entered into.
- (ii) Repayment from/(advances to) related parties and joint ventures are unsecured, interest-free and repayable on demand. The outstanding net amounts due from joint ventures and associates as of 30 June 2024 is US\$37,269,000 (30 June 2023: US\$36,581,000).

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 26. RELATED PARTY TRANSACTIONS (continued)

### (b) Commitments with related parties

The Group expects the total capital commitment to associates and joint ventures to be US\$375,687,000 and US\$622,023,000 (31 December 2023: US\$306,473,000 and US\$519,720,000), respectively.

### (c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Short term employee benefits	5,475	4,737
Pension scheme contributions	12	5
Share-based compensation expense	1,013	1,543
Total compensation paid to key management personnel	6,500	6,285

### (d) Loans to directors

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 1 January	Maximum amount	At 31 December	Maximum amount	At 30 June
	2023	during the year	2023 (audited)	outstanding	2024
	US\$'000	US\$'000	US\$'000	US\$'000	(Unaudited) US\$'000
Mr. Stuart Gibson	4,600	5,244	5,244	5,383	4,270
Mr. Charles Alexander Portes	4,600	5,244	5,244	5,383	4,270

Loans granted to directors bear interest at SOFR plus 4% (31 December 2023: SOFR plus 4%) per annum, and they are unsecured. The loans were fully repaid subsequent to 30 June 2024. Loans to directors and the related interest receivables were included in the balance of prepayments, other receivables and other assets as of 30 June 2024.

## 27. SHARE CAPITAL

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Authorised number of shares	8,000,000,000	8,000,000,000

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 27. SHARE CAPITAL (continued)

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Issued and fully paid	4,213	4,280

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital US\$'000	Share premium account US\$'000	Total US\$'000
At 1 January 2023	4,422,264,192	4,422	6,448,219	6,452,641
Conversion of convertible bonds	196,150	—*	800	800
Share-based compensation plan exercised (note (i), (ii), (iii))	2,485,818	3	5,805	5,808
Share repurchased and cancellation (note (iv))	(144,501,600)	(145)	(217,625)	(217,770)
At 31 December 2023 (audited) and 1 January 2024	4,280,444,560	4,280	6,237,199	6,241,479
Share-based compensation plan exercised (note (i), (ii), (v))	857,605	—*	6,047	6,047
Share repurchased and cancellation (note (vi))	(67,949,200)	(67)	(72,158)	(72,225)
At 30 June 2024 (unaudited)	4,213,352,965	4,213	6,171,088	6,175,301

\* Denotes less than US\$1,000

Notes:

- (i) Pursuant to the rules and trust deed of the Long Term Incentive Scheme ("LTI Scheme") adopted on 2 June 2021, the trustee of the LTI Scheme had purchased on the Hong Kong Stock Exchange a total of 2,475,000 shares (31 December 2023: 3,559,146 shares) of the Company at a total consideration of US\$2,647,000 (31 December 2023: US\$5,613,000) during the year ended 31 December 2023.
- (ii) During the period ended 30 June 2024, the Company paid withholding tax of US\$26,000 (31 December 2023: US\$84,000) in relation to share options exercised. The withholding tax expense was recorded in share premium account.
- (iii) 1,967,705 shares were issued by the Company in satisfaction of 4,650,902 share options exercised in 2023 at the exercise price of US\$0.96 per share and 518,113 shares were issued by the Company in satisfaction of 3,297,622 award RSUs and PSUs granted under the Long Term Incentive Scheme vested in 2023 (note 28). An amount of US\$11,618,000 was transferred from the share-based payment reserve to share capital and share premium upon the exercise of the share-based compensation plan.
- (iv) During the year ended 31 December 2023, the Company repurchased 151,674,000 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US\$217,770,000. 138,851,600 shares have been cancelled before the reporting date of 31 December 2023 and 12,822,400 shares were cancelled subsequent to the reporting date in January 2024, the amount paid for the purchase of the shares has been charged to share capital and share premium.
- (v) 488,525 shares were issued by the Company in satisfaction of 1,437,598 share options exercised in 2024 at the exercise price of US\$0.91 per share and 369,080 shares were issued by the Company in satisfaction of 2,988,963 award RSUs and PSUs granted under the Long Term Incentive Scheme vested in 2024 (note 28). An amount of US\$8,720,000 was transferred from the share-based payment reserve to share capital and share premium upon the exercise of the share-based compensation plan.
- (vi) During the period ended 30 June 2024, the Company repurchased 55,126,800 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US\$72,225,000. These shares have been cancelled before the reporting date of 30 June 2024, the amount paid for the purchase of the shares has been charged to share capital and share premium.

# Notes to Condensed Consolidated Financial Information

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## 28. SHARE-BASED COMPENSATION PLAN

### A. Share Option Plan issued by the Company

The following share options were outstanding under the share option plans including KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme (the "Plans") during the six months ended 30 June 2024:

	Weighted average exercise price US\$	Number of options '000
At 1 January 2023		44,391
Forfeited during the year	2.79	(304)
Exercised during the year	0.96	(4,651)
At 31 December 2023 (audited) and at 1 January 2024		39,436
Forfeited during the period	3.29	(712)
Exercised during the period	0.91	(1,438)
At 30 June 2024 (unaudited)		37,286

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$11.08 (31 December 2023: HK\$12.87) per share.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2024 and 31 December 2023 are as follows:

Number of options ('000)		Exercise price		Exercise period
30 June 2024	31 December 2023	per share		
7,800	7,800	US\$0.4600		20-04-17 to 20-01-26
—	100	US\$0.4722		01-01-23* to 22-02-29
7,889	9,227	US\$0.9445		01-01-23* to 19-05-29
873	873	US\$1.1453		16-08-23* to 15-08-28
948	948	US\$1.3655		16-02-24* to 25-02-29
2,207	2,260	US\$1.5172		20-05-24* to 19-05-29
6,150	6,650	HK\$27.30		28-12-21 to 27-12-30
11,035	11,194	HK\$24.50		23-08-21 to 22-08-31
384 <sup>#</sup>	384 <sup>#</sup>	HK\$22.78		08-06-22 to 07-06-32
37,286	39,436			

\* Participants will have an unconditional right to exercise an option to the extent that it is vested after the earliest of the followings:

- a) an IPO;
- b) an Early Vesting Event;
- c) 5 years of the date of grant.

If there is (i) a sale of all or substantially all of the shares in; or (ii) a disposal of all or substantially all of the business of the member of the Group of which a participant is a director or by which the participant is employed, as appropriate, by way of trade sale or by way of sale to a third party (an "Early Vesting Event"), any options granted to the participant will vest in full on the occurrence of the Early Vesting Event.

<sup>#</sup> Total share options of 384,000, at an exercise price of HK\$22.78, were granted to the directors of Company, Jinchu Shen and Stuart Gibson on 8 June 2022, in equal amount. The share options will vest in three equal tranches on 8 June 2022, 8 June 2023 and 8 June 2024.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 28. SHARE-BASED COMPENSATION PLAN (continued)

### A. Share Option Plan issued by the Company (continued)

The 1,437,598 share options exercised during the six months ended 30 June 2024 resulted in the issue of 488,525 ordinary shares of the Company and new share capital of US\$489 (before issue expenses), as further detailed in note 27.

At 30 June 2024, the Company had 37,286,000 share options outstanding under the Plans. The exercise in full of the outstanding share options by conventional exercise method would, under the present capital structure of the Company, result in the issue of 37,286,000 additional ordinary shares of the Company and additional share capital and share premium of US\$74,163,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 37,286,000 share options outstanding under the Plans, which represented approximately 0.88% of the Company's shares in issue as at that date.

### B. Share Option Plan by a subsidiary of the Company

On 20 January 2022, the Group completed the acquisition of 100% equity interests in ESR Asset Management Limited (formerly known as ARA Asset Management Limited) and its subsidiaries (collectively referred to as "**ARA Group**"). ARA Group has the following share-based payment arrangement held by its subsidiary.

In 2021, the subsidiary established an employee share option plan ("**ESOP Plan**"), subject to the subsidiary's board of directors' discretion, which entitles employees to purchase shares in the company. The ESOP Plan is intended to motivate, reward and retain certain members of the management team and the purpose is to promote the long-term growth of the subsidiary and drive strategic and economic alignment with shareholders.

Under the ESOP Plan, subject to the subsidiary's board of directors' discretion, holders of vested options are entitled to purchase shares at an exercise price determined by the board of directors of the subsidiary having regard to the market value of an ordinary share at the date on which the options were granted. The ESOP Plan shall expire in September 2031.

Provided that the holders remain in continuous employment at the subsidiary between the date of entry into the ESOP Plan and the relevant vesting date of the options, the holders are only entitled to exercise the vested options on the occurrence of an exit event stipulated in the ESOP Plan.

In September 2021, a total of 790.13 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 4 tranches on 1 September 2021 and in December of each year from 2021 to 2023.

In September 2022, a total of 102.20 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 5 tranches in September 2022 and in December of each year from 2022 to 2025.

In August 2023, a total of 747.48 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 5 tranches in August 2023 and in December of each year from 2023 to 2026.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 28. SHARE-BASED COMPENSATION PLAN (continued)

### B. Share Option Plan by a subsidiary of the Company (continued)

The fair value of the share options has been measured using the Black-Scholes option-pricing model. The following table lists the inputs to the model used:

	At 30 June 2024	At 31 December 2023
Expected dividend yield (%)	—	—
Exercise price (US\$)	33,453	33,453
Volatility (%)	26.9%	26.9%
Risk-free interest rate (%)	4.49%	4.49%
Expected life of option (years)	3.3 years	3.3 years

The number and exercise price of share options under the ESOP Plan is as follows:

	Weighted average exercise price US\$	Number of options
At 1 January 2023		779.40
Granted during the year	33,453	747.48
Cancelled during the year	33,453	(72.47)
At 31 December 2023 (audited) and at 1 January 2024		1,454.41
Cancelled during the period	33,453	(5.43)
At 30 June 2024 (Unaudited)		1,448.98

### C. Long Term Incentive Scheme

The purpose of the Long Term Incentive Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Eligible participants of the Long Term Incentive Scheme include employees, executive Directors and non-executive Directors (including independent non-executive Directors), agents or consultants of the Company or its Subsidiary who the Board considers, in its absolute discretion, have contributed or will contribute to the Group. Each Participant who accepts the offer of the grant of an award (“Award”, an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme (where a performance share unit (“PSU”), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter; a restricted share unit (“RSU”), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter) under the Long Term Incentive Scheme is a “Grantee”. The Long Term Incentive Scheme became effective on 2 June 2021 and, unless otherwise canceled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which Awards may be granted under the Long Term Incentive Scheme (the “Maximum Number”) when aggregated with the maximum number of Shares in respect of any share options to be granted under the Post-IPO Share Option Scheme is that number which is equal to 10% of the total number of Shares in issue on the Adoption Date (i.e. up to total of 306,004,506 shares). According to the Long Term Incentive Scheme, the Board may grant an Award to a Participant by a notice (“Grant Letter”) in such form as the Board may from time to time determine, requiring the Participant to undertake to hold the Award on the terms and conditions on which it is to be granted and to be bound by the terms of the Long Term Incentive Scheme.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 28. SHARE-BASED COMPENSATION PLAN (continued)

### C. Long Term Incentive Scheme (continued)

The following awarded shares were outstanding under the Long Term Incentive Scheme during the six months ended 30 June 2024:

	Weighted average share price at grant date HK\$	Number of awarded shares '000
At 1 January 2023		13,722
Granted during the year	11.69	8,262
Cancelled during the year	23.49	(4,174)
Vested during the year	21.76	(3,403)
At 31 December 2023 (audited) and at 1 January 2024		14,407
Cancelled during the period	17.29	(1,255)
Vested during the period	20.25	(2,988)
At 30 June 2024 (unaudited)		10,164

The share price at grant date and vesting periods of the awarded shares outstanding under the Long Term Incentive Scheme outstanding as at 30 June 2024 and 31 December 2023 are as follows:

Number of awarded shares ('000)		Share price at grant date per share	Exercise period
30 June 2024	31 December 2023		
581	1,008	HK\$24.35	23-02-22 to 30-06-25
3,161	5,631	HK\$22.70	08-06-22 to 08-06-26
—	316	HK\$12.90	20-04-23 to 31-12-26
1,382	2,166	HK\$11.32	25-05-24 to 25-05-27
413	413	HK\$11.32	08-06-23 to 08-06-26
113	150	HK\$11.32	25-05-24 to 25-05-27
69	69	HK\$11.32	01-10-23 to 01-10-24
3,040	3,249	HK\$11.32	15-05-25 to 15-05-27
843	843	HK\$12.88	20-07-23 to 30-06-27
562	562	HK\$12.88	20-07-23 to 20-07-27
10,164	14,407		

The fair value of the awarded shares was determined based on the market value of the Company's shares at the grant date. There were no shares awarded during the financial period ended 30 June 2024. The total expense recognised in respect of the Long Term Incentive Scheme adopted by the Company for the period ended 30 June 2024 was US\$5,686,000.

As at 30 June 2024, the Company had 10,164,000 awarded shares outstanding under the Long Term Incentive Scheme, which represented approximately 0.24% of the Company's shares in issue as at that date.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 29. PERPETUAL CAPITAL SECURITIES

### Perpetual Securities NC5 5.65%

In March 2021, the Company issued an aggregate principal amount of S\$200,000,000 perpetual resettable step-up subordinated securities under the US\$2,000,000,000 Multicurrency Debt Issuance Programme. In June 2021, the Company issued a further tranche for an aggregate principal amount of S\$150,000,000, bringing the aggregate total amount to S\$350,000,000.

The distribution rate is 5.65% per annum, with the first distribution rate resets falling on 2 March 2026 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears. Subject to the relevant terms and conditions in the supplemental offering circular dated 23 February 2021, the Company may elect to defer making distributions on the perpetual capital securities and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual capital securities may be redeemed at the option of the Company, on 2 March 2026 or on any distribution payment date thereafter, on giving not less than 30 nor more than 60 days' irrevocable notice in accordance with the terms and conditions of the issuance. The perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

### Perpetual Securities Series 001, Series 002 and Series 004

On 20 January 2022, the Group consolidated subordinated perpetual capital securities amounting to US\$699,830,000 (inclusive of issuance cost and accrued dividend distribution) upon completion of the acquisition of 100% equity interests in ESR Asset Management Limited (formerly known as ARA Asset Management Limited). These related to subordinated perpetual securities (the "**perpetual securities**") with aggregate principal amounts totaling S\$950,000,000 (approximately US\$698,000,000) (Series 001, Series 002, Series 004 at S\$300,000,000, S\$300,000,000, S\$350,000,000 respectively) issued by ESR Asset Management Limited (formerly known as ARA Asset Management Limited) on 17 July 2017 ("**Series 001**"), 21 June 2018 ("**Series 002**") and 4 September 2019 ("**Series 004**").

Such perpetual securities bear distributions at a rate of 5.2% (Series 001), 5.65% (Series 002) and 5.6% (Series 004) per annum, payable semi-annually. Subject to relevant terms and conditions in the Information Memorandum dated 29 June 2017 (Series 001), 12 February 2018 (Series 002) and 4 September 2019 (Series 004), the Group may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. The perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any unsecured obligations of the Issuer. Perpetual securities Series 001 were fully redeemed on 4 May 2022.



# Notes to Condensed Consolidated Financial Information

30 June 2024

## 29. PERPETUAL CAPITAL SECURITIES (continued)

Movements of the perpetual capital securities are as follows:

	Principal US\$'000	Distribution US\$'000	Total US\$'000
At 1 January 2023	739,547	3,154	742,701
Profit attributable to holders of perpetual capital securities	—	41,920	41,920
Distributions to holders of perpetual capital securities	—	(41,755)	(41,755)
At 31 December 2023 (audited) and 1 January 2024	739,547	3,319	742,866
Profit attributable to holders of perpetual capital securities	—	20,827	20,827
Distributions to holders of perpetual capital securities	—	(20,815)	(20,815)
At 30 June 2024 (unaudited)	739,547	3,331	742,878

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at 30 June 2024 and 31 December 2023 are as follows:

### 30 June 2024

	Financial assets at fair value through profit or loss (Unaudited) US\$'000	Financial assets at amortised cost (Unaudited) US\$'000	Financial assets at fair value through other comprehensive income (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	802,752	—	—	802,752
Financial assets at fair value through other comprehensive income	—	—	851,325	851,325
Trade receivables	—	365,429	—	365,429
Financial assets included in other non-current assets	40,964	154,352	—	195,316
Financial assets included in prepayments, other receivables and other assets	4,950	350,741	—	355,691
Pledged bank deposits	—	176	—	176
Restricted bank balances	—	76,753	—	76,753
Cash and bank balances	—	983,875	—	983,875
Non-pledged fixed time deposits with maturity period over three months	—	3,600	—	3,600
	<b>848,666</b>	<b>1,934,926</b>	<b>851,325</b>	<b>3,634,917</b>

	Financial liabilities at fair value through profit or loss (Unaudited) US\$'000	Financial liabilities at amortised cost (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Financial liabilities</b>			
Financial liabilities included in trade payables, accruals and other payables	170,983	322,709	493,692
Interest-bearing bank and other borrowings	—	6,191,063	6,191,063
Lease liabilities	—	34,807	34,807
Contingent consideration payable	—	13,943	13,943
Financial liabilities included in other non-current liabilities	—	13,391	13,391
	<b>170,983</b>	<b>6,575,913</b>	<b>6,746,896</b>

# Notes to Condensed Consolidated Financial Information

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## 30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2023

	Financial assets at fair value through profit or loss (Audited) US\$'000	Financial assets at amortised cost (Audited) US\$'000	Financial assets at fair value through other comprehensive income (Audited) US\$'000	Total (Audited) US\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	837,314	—	—	837,314
Financial assets at fair value through other comprehensive income	—	—	1,050,442	1,050,442
Trade receivables	—	532,861	—	532,861
Financial assets included in other non-current assets	19,586	149,577	—	169,163
Financial assets included in prepayments, other receivables and other assets	3,486	436,082	—	439,568
Pledged bank deposits	—	632	—	632
Restricted bank balances	—	81,429	—	81,429
Cash and bank balances	—	915,657	—	915,657
Non-pledged fixed time deposits with maturity period over three months	—	3,850	—	3,850
	860,386	2,120,088	1,050,442	4,030,916

	Financial liabilities at fair value through profit or loss (Audited) US\$'000	Financial liabilities at amortised cost (Audited) US\$'000	Total (Audited) US\$'000
<b>Financial liabilities</b>			
Financial liabilities included in trade payables, accruals and other payables	—	271,017	271,017
Interest-bearing bank and other borrowings	—	5,979,553	5,979,553
Lease liabilities	—	31,957	31,957
Contingent consideration payable	—	18,410	18,410
Financial liabilities included in other non-current liabilities	112,864	18,323	131,187
	112,864	6,319,260	6,432,124

# Notes to Condensed Consolidated Financial Information

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## 31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management is responsible for determining the policies and procedures for the fair value management of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Group reviews with independent valuers on valuation inputs every half yearly, in line with its half year and annual reporting dates.

Management has assessed that the fair values of cash and bank balances, amounts due from related parties, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, amounts due to related parties, trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted financial assets at fair value have been estimated based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprise mainly their investment properties whose fair values were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Therefore, management has determined that the net asset value of the investment funds represent the fair value as at the financial period end.

The Group entered into financial derivative instruments, including foreign currency forward contracts, put option contract and cross-currency interest rate swap. The fair values of foreign currency forward contracts are measured using quoted prices of similar financial assets adjusted for the transaction expenses. The fair values of cross-currency interest rate swaps are based on financial institution's net present value calculation. The fair value of put option contract is determined using option pricing model based on the present value techniques that reflect both the time value and the intrinsic value of an option. The inputs used in the present value techniques included the estimated share price and discount rate, which involve a significant degree of management judgement where adjustments may be made by management for differences between the share price of investment in associate and the referenced comparable.

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023 is as follows:

	Valuation technique	Key unobservable input	Range	Sensitivity of the fair value to the input
Unlisted financial assets at fair value through other comprehensive income and profit or loss	Net asset value	Net asset value	2024: US\$51,000 to US\$1,674,535,000 2023: US\$4,500 to US\$1,097,000,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Investment in OCD at fair value	Discounted cash flows	Cost of equity	2024: 10.25% 2023: 10.25%	1% increase (decrease) in cost of equity would result in (decrease) increase in estimated fair value by 0.06%
Put option contract	Option pricing model	Share price of investment in associate	2024: JPY751 2023: JPY611	5% increase (decrease) in share price of investment in associate would result in (decrease) increase in estimated fair value by (US\$310,000) and US\$477,000
		Discount rate	2024: 0.84% 2023: 1.07%	10 basis points increase (decrease) in discount rate would result in (decrease) increase in estimated fair value by US\$1,000
Redemption value of option	Discounted cash flow	Net asset fair value	2024: N/A 2023: US\$1,054,277,000	1% increase (decrease) in net asset fair value would result in increase (decrease) in estimated fair value by 1%

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value

	Quoted prices in active market (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>At 30 June 2024 (unaudited)</b>				
Financial assets at fair value through profit or loss	43,381	—	769,997	813,378
Financial assets at fair value through other comprehensive income	734,179	—	117,146	851,325
Financial derivative assets	—	34,547	741	35,288
	<b>777,560</b>	<b>34,547</b>	<b>887,884</b>	<b>1,699,991</b>
<b>At 31 December 2023 (audited)</b>				
Financial assets at fair value through profit or loss	38,428	—	808,722	847,150
Financial assets at fair value through other comprehensive income	820,246	—	230,196	1,050,442
Financial derivative assets	—	7,345	5,890	13,235
	<b>858,674</b>	<b>7,345</b>	<b>1,044,808</b>	<b>1,910,827</b>

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Assets measured at fair value (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	Put option contract US\$'000	Unlisted financial assets US\$'000
<b>Financial assets at fair value</b>		
At 1 January 2023	10,765	953,446
Disposal of interests in financial assets	—	(22,224)
Disposal of subsidiaries	—	7,656
Distribution and capital redemption	—	(29,107)
Gain on sale of interests in financial assets at fair value through profit or loss	—	2,076
Interest receivable	—	553
Purchases	—	151,089
Reclassification to investments in joint ventures	—	(2,446)
Total loss recognised in other comprehensive income	—	(11,025)
Total (loss)/gain recognised in profit or loss included in other income	(4,146)	9,390
Exchange realignment	(729)	(20,490)
At 31 December 2023 (audited) and 1 January 2024	5,890	1,038,918
Disposal	—	(72)
Disposal of subsidiaries	—	1,136
Distribution and capital redemption	—	(14,165)
Interest receivable	—	238
Purchases	—	53,208
Reclassification to assets of a disposal group held for sale	—	(129,796)
Redemption	—	(2,513)
Total loss recognised in other comprehensive income	—	(3,042)
Total loss recognised in profit or loss included in other income	(4,532)	(11,403)
Exchange realignment	(617)	(45,366)
At 30 June 2024 (unaudited)	741	887,143

# Notes to Condensed Consolidated Financial Information

30 June 2024

## 31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Liabilities measured at fair value

	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>At 30 June 2024 (unaudited)</b>			
Redemption value of option	170,983	—	170,983
	<b>170,983</b>	<b>—</b>	<b>170,983</b>
<b>At 31 December 2023 (audited)</b>			
Redemption value of option	—	112,864	112,864
	<b>—</b>	<b>112,864</b>	<b>112,864</b>

During the six months ended 30 June 2024, the redemption value of option was transferred out of Level 3 financial liabilities at fair value through profit or loss into Level 2 financial liabilities at fair value through profit or loss.

Redemption value of option represents liabilities of the Group to acquire interest owned by the non-controlling shareholders of a subsidiary. Pursuant to the Company announcement on 21 and 26 July 2024, the Company has completed the acquisition of the interest owned by a non-controlling shareholder of the subsidiary on 20 June 2024; and entered into share purchase agreements with the remaining non-controlling shareholders on 25 July 2024.

Accordingly, the carrying value of the financial liabilities as of 30 June 2024 represents consideration to be paid to the remaining non-controlling shareholders upon completion of the transaction, discounted to present value as of 30 June 2024.



# Notes to Condensed Consolidated Financial Information

30 June 2024

## 32. EVENTS AFTER THE REPORTING PERIOD

### 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 ESR Asset Management Limited (formerly known as 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 report, 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. and ARA Business Trust Management (USH) Pte. Ltd. (the “**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.

## 33. APPROVAL OF THE FINANCIAL INFORMATION

The condensed consolidated financial information was approved and authorised for issue by the board of directors on 21 August 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, 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.

The following table sets out the reconciliations of EBITDA, Adjusted EBITDA and Adjusted PATMI:

### FINANCIAL METRICS

Financial Year	FY2021 US\$'000	FY2022 US\$'000	FY2023 US\$'000	1H2023 US\$'000	1H2024 US\$'000
Profit/(Loss) before tax	488,840	815,125	394,238	372,631	<b>(188,955)</b>
Add/(less):					
Depreciation and amortisation	17,137	47,863	50,343	23,016	<b>27,682</b>
Finance costs	163,549	222,415	312,901	158,789	<b>153,640</b>
Interest income	(5,328)	(16,867)	(32,885)	(16,988)	<b>(14,547)</b>
<b>EBITDA</b> <sup>(a)</sup>	<b>664,198</b>	<b>1,068,536</b>	<b>724,597</b>	<b>537,448</b>	<b>(22,180)</b>
Add back/(less):					
Changes in fair value of financial derivative assets <sup>(b)</sup>	—	(6,191)	4,146	—	<b>4,532</b>
Impairment of goodwill and other intangible assets <sup>(c)</sup>	—	—	29,167	—	<b>—</b>
Impairment of assets held for sale <sup>(d)</sup>	—	—	—	—	<b>97,411</b>
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss <sup>(e)</sup>	—	40,531	108,243	—	<b>44,589</b>
Share-based compensation expense <sup>(f)</sup>	14,818	26,543	19,178	12,281	<b>5,759</b>
Transaction costs related to ARA acquisition <sup>(g)(iii)</sup>	27,818	22,463	—	—	<b>—</b>
Transaction costs related to Indicative Proposal <sup>(h)</sup>	—	—	—	—	<b>1,838</b>
<b>Adjusted EBITDA</b>	<b>706,834</b>	<b>1,151,882</b>	<b>885,331</b>	<b>549,729</b>	<b>131,949</b>
<b>Less:</b>					
Fair value changes on Investment Properties ("IP") <sup>(i)</sup>	(274,484)	(195,431)	(187,722)	(115,307)	<b>29,744</b>
<b>Adjusted EBITDA (less fair value changes on IP)</b>	<b>432,350</b>	<b>956,451</b>	<b>697,609</b>	<b>434,422</b>	<b>161,693</b>
<b>Profit/(Loss) after tax and minority interests (PATMI)</b>	<b>349,440</b>	<b>574,145</b>	<b>230,849</b>	<b>288,965</b>	<b>(218,719)</b>
Add back/(less):					
Amortisation relating to intangible assets arising from acquisition of ARA, net of tax <sup>(g)(iii)</sup>	—	17,791	18,767	9,306	<b>9,358</b>
Changes in fair value of financial derivative assets <sup>(b)</sup>	—	(6,191)	4,146	—	<b>4,532</b>
Impairment of goodwill and other intangible assets <sup>(c)</sup>	—	—	29,167	—	<b>—</b>
Impairment of assets held for sale <sup>(d)</sup>	—	—	—	—	<b>97,411</b>
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss <sup>(e)</sup>	—	40,531	108,243	—	<b>44,589</b>
Share-based compensation (related to ARA) <sup>(g)(ii)</sup>	—	5,884	9,166	5,487	<b>3,087</b>
Transaction costs related to ARA acquisition <sup>(g)(iii)</sup>	27,818	22,463	—	—	<b>—</b>
Transaction costs related to Indicative Proposal <sup>(h)</sup>	—	—	—	—	<b>1,838</b>
<b>Adjusted PATMI</b>	<b>377,258</b>	<b>654,623</b>	<b>400,338</b>	<b>303,758</b>	<b>(57,904)</b>

## Non-IFRS Measures

### 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 on goodwill and other intangible assets recorded within "Administrative expenses" represent impairment on goodwill and trust management rights of non-core business.
- (d) Impairment of assets held for sale recorded within "Administrative expenses" represents write-down of non-core divestments relating to ARA US Hospitality Trust.
- (e) 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.
- (f) Share-based compensation expense represents share-based incentives which are primarily non-cash in nature.
- (g) On 20 January 2022, the Company completed the acquisition of ESR Asset Management Limited (formerly known as ARA Asset Management Limited) ("**ARA**", together with its subsidiaries, the "**ARA Group**"). 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;
  - (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; and
  - (iii) transaction costs related to ARA acquisition which are recorded within "Administrative expenses" were one-off non-recurring which were not directly related to operating performance of the Group during the year.
- (h) 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.
- (i) Fair value changes on investment properties represents the changes in fair value which are non-cash in nature. Accordingly, it is adjusted from EBITDA.

# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Jinchu SHEN  
(Group Co-founder and Co-CEO)  
Mr. Stuart GIBSON  
(Group Co-founder and Co-CEO)

## NON-EXECUTIVE DIRECTORS

Mr. Jeffrey David PERLMAN  
(Chairman of the Board)  
(stepped down w.e.f. 2 Sep 2024)  
Mr. Charles Alexander PORTES  
(Group Co-founder)  
Mr. Hwee Chiang LIM  
Dr. Kwok Hung Justin CHIU  
(retired on 31 May 2024)  
Mr. Rajeev Veeravalli KANNAN  
Ms. Joanne Sarah MCNAMARA  
(w.e.f. 1 Jan 2024)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Brett Harold KRAUSE  
(Interim Chairman of the Board)  
(w.e.f. 2 Sep 2024)  
Mr. Simon James MCDONALD  
Ms. Jingsheng LIU  
Ms. Serene Siew Noi NAH  
Ms. Wei-Lin KWEE  
(retired on 31 May 2024)

## COMPANY SECRETARY

Mr. Richard Kin-sing LEE

## MEMBERS OF AUDIT COMMITTEE

Mr. Simon James MCDONALD  
(Chairman)  
Mr. Brett Harold KRAUSE  
Ms. Serene Siew Noi NAH

## MEMBERS OF NOMINATION COMMITTEE

Mr. Brett Harold KRAUSE  
(Chairman)  
Ms. Jingsheng LIU  
Ms. Serene Siew Noi NAH

## MEMBERS OF REMUNERATION COMMITTEE

Mr. Brett Harold KRAUSE  
(Chairman)  
Mr. Jeffrey David PERLMAN  
Mr. Simon James MCDONALD  
Ms. Wei-Lin KWEE  
(retired on 31 May 2024)

## AUTHORISED REPRESENTATIVES

Mr. Jinchu SHEN  
Mr. Richard Kin-sing LEE

## REGISTERED OFFICE

Walkers Corporate Limited  
190 Elgin Avenue, George Town,  
Grand Cayman KY1-9008,  
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## PLACE OF BUSINESS IN HONG KONG

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Hong Kong

## PRINCIPAL BANKERS

Bank of China  
Bank of Communications  
China Merchants Bank Co., Ltd  
CIMB Bank Berhad, Singapore branch  
Citibank N.A., Singapore branch  
Crédit Agricole Corporate and  
Investment Bank, Hong Kong  
branch  
DBS Bank Ltd.  
E. Sun Commercial Bank, Ltd  
Industrial and Commercial  
Bank of China  
Maybank Banking Berhad  
Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Natixis, Hong Kong branch  
Oversea-Chinese Banking  
Corporation Limited  
RHB Bank Berhad  
Standard Chartered Bank  
SRCB Shanghai  
Sumitomo Mitsui Banking Corporation  
The Hong Kong and Shanghai Banking  
Corporation Limited  
United Overseas Bank Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

## AUDITOR

Ernst & Young  
(Registered Public Interest Entity  
Auditor)

## WEBSITE

ESR Group  
(www.esr.com)

## STOCK CODE

The Stock Exchange of Hong Kong  
Limited  
Code: 1821



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