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ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

DISCLOSEABLE TRANSACTIONS IN RELATION TO INVESTMENT AND SALE OF INTEREST IN ESR AUSTRALIA LOGISTICS PARTNERSHIP

The Board of Directors of ESR Cayman Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 26 March 2020, ESR Investment Management 1 (Australia) Pty Limited (“**ESRIM1**”) (as trustee of ESR Australia Logistics Partnership), ESR Investment Management 2 (Australia) Pty Limited (“**ESRIM2**”) (as trustee of ESR Co-Invest Trust) and One Funds Management Pty Limited (“**ESR Subscriber**”) (as trustee of ESR Queensland Hold Trust) entered into a commitment deed (the “**Investor Commitment Deed**”) with a global institutional investor (the “**Investor**”) pursuant to which the Investor agreed to a capital commitment in the total amount of A\$450 million to ESR Australia Logistics Partnership, which would give the Investor a 45% interest in the units of such partnership.

The initial capital commitment under the Investor Commitment Deed would be satisfied by the Investor acquiring 45% of the units in ESR Australia Logistics Partnership held indirectly by ESR Co-Invest Trust for a total consideration of A\$148.3 million pursuant to a unit sale agreement entered into on 26 March 2020 (the “**Unit Sale Agreement**”).

Following the completion of the Unit Sale Agreement, the Group will lose accounting control over ESR Australia Logistics Partnership, and ESR Australia Logistics Partnership will cease to be accounted as a subsidiary by the Company in its consolidated financial statements. The Group will recognise its 55% rights to the net assets of ESR Australia Logistics Partnership as investments and account for them using the equity method of accounting.

On 26 March 2020, ESRIM1, ESRIM2 and ESR Subscriber entered into a commitment deed (the “**ESR Commitment Deed**”) pursuant to which ESR Co-Invest Trust agreed to a capital commitment in the total amount of A\$1,000 million to ESR Australia Logistics Partnership.

As one or more of the applicable percentage ratios in respect of the transactions under the Investor Commitment Deed, the Unit Sale Agreement and the Call Option Agreement (on an aggregated basis) and the transaction under the ESR Commitment Deed exceeds 5% but is less than 25%, the transactions constitute discloseable transactions under Chapter 14 of the Listing Rules. Accordingly, the transactions are subject to the reporting and announcement requirements, and are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board of Directors of the Company is pleased to announce that on 26 March 2020, ESRIM1 (as trustee of ESR Australia Logistics Partnership), ESRIM2 (as trustee of ESR Co-Invest Trust) and ESR Subscriber (as trustee of ESR Queensland Hold Trust) entered into the Investor Commitment Deed with the Investor pursuant to which the Investor agreed to a capital commitment in the total amount of A\$450 million to the ESR Australia Logistics Partnership, which would give the Investor a 45% interest in the units of such partnership.

On the same date, ESRIM1, ESRIM2 and ESR Subscriber entered into the ESR Commitment Deed pursuant to which ESR Co-Invest Trust agreed to a capital commitment in the total amount of A\$1,000 million to the ESR Australia Logistics Partnership. ESR Co-Invest Trust's capital commitment to ESR Australia Logistics Partnership is effectively reduced from A\$1,000 million to A\$550 million by the Investor's commitment to ESR Australia Logistics Partnership under the Investor Commitment Deed.

As at the date of this announcement, the Company indirectly holds approximately 92% of the units in ESR Co-Invest Trust which in turn indirectly holds 100% of the units in ESR Australia Logistics Partnership.

2. THE TRANSACTIONS

A. The Commitment Deeds and Unit Sale Agreement

Pursuant to the Investor Commitment Deed, the Investor agreed to a capital commitment in the total amount of A\$450 million to the ESR Australia Logistics Partnership, which would give the Investor a 45% interest in the units of such partnership.

The initial capital commitment under the Investor Commitment Deed would be satisfied by the Investor acquiring 45% of the units in ESR Australia Logistics Partnership held indirectly by ESR Co-Invest Trust for a total consideration of A\$148.3 million pursuant to the Unit Sale Agreement. The sale proceeds to be received by ESR Co-Invest Trust will predominately be used as capital return to the Company. Subsequent capital commitments will be satisfied by the Investor subscribing for new units in ESR Australia Logistics Partnership when capital commitment calls are made by the ESRIM1 in accordance with the terms of the trust deed constituting ESR Australia Logistics Partnership.

Pursuant to the ESR Commitment Deed, ESR Co-Invest Trust agreed to a capital commitment in the total amount of A\$1,000 million to ESR Australia Logistics Partnership. After completion of the Unit Sale Agreement, ESR Co-Invest Trust will have a 55% interest in the units of ESR Australia Logistics Partnership and its capital commitment to such partnership will accordingly be reduced to A\$550 million and the uncalled capital commitment will be A\$368.8 million. Subsequent capital commitments will be satisfied by ESR Co-Invest Trust subscribing for new units in ESR Australia Logistics Partnership when capital commitment calls are made by the ESRIM1 in accordance with the terms of the trust deed constituting ESR Australia Logistics Partnership.

The consideration payable under the Unit Sale Agreement and the funding commitment amounts to be made by the Investor and ESR Co-Invest Trust were determined after arm's length negotiation between the parties with reference to the capital requirements of ESR Australia Logistics Partnership. ESR Co-Invest Trust's commitment under the ESR Commitment Deed is expected to be funded by internal resources and external financings.

B. Conditions Precedent

The capital commitment by each of the Investor and ESR Co-Invest Trust is subject to satisfaction of certain conditions, including foreign investment approval in Australia and merger control clearance in the relevant jurisdictions and the Investor and ESR Co-Invest Trust (or their respective related entities) participating in a development fund of the Group on terms to be agreed. Subject to the satisfaction or waiver of the conditions in the Commitment Deed on or before 30 June 2020 (or such other date as the parties may agree), completion of the transaction under the Unit Sale Agreement is expected to take place by May 2020.

C. The Call Option Agreement

On 26 March 2020, ESRIM1 (as trustee of the ESR Australia Logistics Fund) (the "**Grantor**"), ESRIM1 (as trustee of ESR Australia Logistics Partnership) (the "**Grantee**") and ESRIM2 (as trustee of the Lot 4 Perry Road Trust) entered into a call option agreement (the "**Call Option Agreement**") pursuant to which the Grantor granted to the Grantee an option for the Grantee to purchase all of the units in Lot 4 Perry Road Trust (the "**Call Option**"). The Call Option is exercisable by the Grantee at the direction of the Investor, upon the satisfaction of certain conditions, and expires on 30 June 2020.

As at the date of this announcement, the Company indirectly holds approximately 92% of the units in ESR Co-Invest Trust which in turn indirectly holds 100% of the units in Lot 4 Perry Road Trust.

3. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS

The launch of ESR Australia Logistics Partnership as a new core-plus logistics partnership with the investments by the Investor and the Group is in line with the Group's capital recycling strategy of transferring balance sheet assets into new funds and investment vehicles it manages.

The Directors, having regard to the reasons and benefits of the transactions under the Investor Commitment Deed, the Unit Sale Agreement and the Call Option Agreement and the transaction under the ESR Commitment Deed, consider that the terms of the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company indirectly holds approximately 92% of the units in ESR Co-Invest Trust which in turn indirectly holds 100% of the units in ESR Australia Logistics Partnership. As the Group will lose accounting control over ESR Australia Logistics Partnership and ESR Australia Logistics Partnership will cease to be accounted as a subsidiary by the Company in its consolidated financial statements following the completion of the Unit Sale Agreement, the transaction under the Unit Sale Agreement will be a deemed disposal of 100% of the units in ESR Australia Logistics Partnership.

As one or more of the applicable percentage ratios in respect of the transactions under the Investor Commitment Deed, the Unit Sale Agreement and the Call Option Agreement (on an aggregated basis) and the transaction under the ESR Commitment Deed exceed 5% but is less than 25%, the transactions constitute discloseable transactions under Chapter 14 of the Listing Rules. Accordingly, the transactions are subject to the reporting and announcement requirements, and are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

5. INFORMATION ON ESR AUSTRALIA LOGISTICS PARTNERSHIP

ESR Australia Logistics Partnership was established in June 2018. Based on the unaudited financial statements of ESR Australia Logistics Partnership prepared in accordance with the Australian Accounting Standards, which are in line with the International Financial Reporting Standards, the unaudited net profits before and after taxation for the financial period ended 31 December 2018 and the financial year ended 31 December 2019 are set out below:

	For the period from the date of incorporation to 31 December 2018	For the financial year ended 31 December 2019
Net profit before taxation	A\$0.5 million	A\$7.3 million
Net profit after taxation	A\$0.5 million	A\$7.3 million

Based on the unaudited financial statements of ESR Australia Logistics Partnership for the financial year ended 31 December 2019, the unaudited net asset value of ESR Australia Logistics Partnership as at 31 December 2019 was approximately A\$300.8 million. ESRIM1, as trustee of ESR Australia Logistics Partnership, holds 20 income-producing assets and 19.4 ha of land, with book value of A\$677.8 million (excluding right of use assets of A\$15.4 million) as of 31 December 2019 (valuation determined by independent third party valuation experts as at 31 October 2019).

Following the completion of the Unit Sale Agreement, the Group will lose accounting control over ESR Australia Logistics Partnership and ESR Australia Logistics Partnership will cease to be accounted as a subsidiary by the Company in its consolidated financial statements. The Group will recognise its 55% rights to the net assets of ESR Australia Logistics Partnership as investments and account for them using the equity method of accounting.

The Company will not recognise any gain on disposal in connection with the Unit Sale Agreement based on estimated pro forma financials at the time of completion. The actual gain to be recognised by the Company can only be ascertained upon completion of the Unit Sale Agreement and the completion of the audit of the Group for the year ending 31 December 2020 and therefore may vary from the amount mentioned above.

6. INFORMATION ON LOT 4 PERRY ROAD TRUST

Lot 4 Perry Road Trust was established in June 2018. Based on the unaudited financial statements of Lot 4 Perry Road Trust prepared in accordance with the Australian Accounting Standards, which are in line with the International Financial Reporting Standards, the unaudited net profits before and after taxation for the financial period ended 31 December 2018 and the financial year ended 31 December 2019 are set out below:

	For the period from the date of incorporation to 31 December 2018	For the financial year ended 31 December 2019
Net profit before taxation	nil	A\$3.1 million
Net profit after taxation	nil	A\$3.1 million

Based on the unaudited financial statements of Lot 4 Perry Road Trust for the financial year ended 31 December 2019 prepared in accordance with the Australian Accounting Standards, the unaudited net asset value of Lot 4 Perry Road Trust as at 31 December 2019 was approximately A\$20.3 million. ESRIM2, as trustee of Lot 4 Perry Road Trust, holds one income-producing asset, with book value of A\$36.0 million as of 31 December 2019 (valuation determined by independent third party valuation experts as at 31 October 2019).

The Company will not recognise any gain on disposal in connection with the Call Option Agreement based on estimated pro forma financials at the time of completion. The actual gain to be recognised by the Company can only be ascertained upon completion of the Call Option Agreement and the completion of the audit of the Group for the year ending 31 December 2020 and therefore may vary from the amount mentioned above.

7. INFORMATION ON THE GROUP AND THE INVESTOR

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

The Investor is a global institutional investor. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Investor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. The Company will make a further announcement, including details of the Investor, upon satisfaction of the conditions precedent under the Investor Commitment Deed and completion of the Unit Sale Agreement.

8. GENERAL

As completion of the transactions is conditional upon the satisfaction or waiver of the conditions precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 27 March 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen, Mr. Stuart Gibson and Mr. Charles Alexander Portes as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Joseph Raymond Gagnon, Mr. Zhenhui Wang and Mr. Ho Jeong Lee as Non-executive Directors, Mr. Brett Harold Krause, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald, Ms. Jingsheng Liu and Mr. Robin Tom Holdsworth as Independent Non-executive Directors.