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ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT OF
ESR-KS II**

On 22 April 2020, ESRKS (a subsidiary of the Company), APG and CPP Investments, as investors, entered into the Subscription and Shareholders' Agreement with the Guarantor (a subsidiary of the Company) and ESR-KS II to establish ESR-KS II as a joint venture. ESR-KS II is a new development fund which will invest in and develop a "best-in-class" industrial and warehouse logistics portfolio by way of development, acquisitions and/or joint ventures in South Korea.

ESRKS, APG and CPP Investments have agreed to provide funding to ESR-KS II by subscribing for shares in cash. ESRKS, APG and CPP Investments have agreed to initial equity commitments to ESR-KS II in the amounts of US\$200 million, US\$350 million and US\$450 million, respectively, and their total equity commitments will be increased to a maximum of US\$400 million, US\$700 million and US\$900 million, respectively, if the First Upsize Option and Second Upsize Option are exercised. ESRKS, APG and CPP Investments will initially subscribe for shares equivalent to 20%, 35% and 45%, respectively, of the total issued shares of ESR-KS II in cash for the Initial Subscription Amount.

ESRKS, APG and CPP Investments will satisfy their equity commitments to ESR-KS II (up to their respective total equity commitment and pro rata to their respective shareholding percentage in ESR-KS II) by subscribing for shares in cash at the Subscription Price when funding calls are made by ESR-KS II in accordance with the terms of the Subscription and Shareholders' Agreement. As the highest applicable percentage ratio in respect of the ESRKS Total Commitment, assuming the First Upsize Option and the Second Upsize Option are exercised by APG and CPP Investments, exceeds 5% but is less than 25%, the Subscription and Shareholders' Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Subscription and Shareholders' Agreement is subject to the notification and announcement requirements, and is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

1. INTRODUCTION

On 22 April 2020, ESRKS, (a subsidiary of the Company), APG and CPP Investments, as investors, entered into the Subscription and Shareholders' Agreement with the Guarantor (a subsidiary of the Company) and ESR-KS II to establish ESR-KS II as a joint venture. ESR-KS II is a new development fund which will invest in and develop a "best-in-class" industrial and warehouse logistics portfolio by way of development, acquisitions and/or joint ventures in South Korea.

2. THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

The principal terms of the Subscription and Shareholders' Agreement are set out below:

(a) US\$1 Billion of Funding Commitment to ESR-KS II

ESRKS, APG and CPP Investments have agreed to provide funding to ESR-KS II by subscribing for shares in cash. ESRKS, APG and CPP Investments have agreed to initial equity commitments to ESR-KS II in the amounts of US\$200 million, US\$350 million and US\$450 million (together, the "**Total Initial Commitment**"), respectively.

ESRKS, APG and CPP Investments have agreed to subscribe for shares equivalent to 20%, 35% and 45% of the total issued shares of ESR-KS II (the "**Initial Subscription**") in cash for the Initial Subscription Amount (as defined below) in partial satisfaction of the Total Initial Commitment.

ESRKS, APG and CPP Investments will satisfy their remaining equity commitment to ESR-KS II (up to their respective total equity commitment and pro rata to their respective shareholding percentage in ESR-KS II) by subscribing for shares in cash at the Subscription Price when funding calls are made by ESR-KS II in accordance with the terms of the Subscription and

Shareholders' Agreement. The initial subscription amounts to be paid by ESRKS, APG and CPP Investments (the “**Initial Subscription Amount**”) was determined by reference to their respective proportional share of the Seed Asset Price, as further explained below. The Total Initial Commitment was determined after arm's length negotiation between the parties with reference to the anticipated capital requirements of ESR-KS II. The ESRKS Total Commitment is guaranteed by the Group and is expected to be funded by internal resources of the Company. The APG Total Commitment and CPPIB Total Commitment are expected to be funded by the internal resources of APG and CPP Investments, respectively.

ESRKS may and intends to syndicate a portion of its interests in ESR-KS II to certain qualified investors, which will reduce its equity commitment to ESR-KS II accordingly, provided it maintains a legal and beneficial interest in not less than 10% and a legal interest in not less than 20% of the total issued shares of ESR-KS II.

(b) Upsize Options to Increase Funding Commitment

When 80% of the Total Initial Commitment has been fully invested, APG and CPP Investments shall, independently of the other, have the right (but not the obligation) to elect to increase its equity commitment in ESR-KS II (the “**First Upsize Option**”). If both APG and CPP Investments elect to exercise the First Upsize Option, the total equity commitment of each of ESRKS, APG and CPP Investments to ESR-KS II will be increased by US\$100 million, US\$175 million and US\$225 million (together, the “**Total Additional Commitment 1**”), respectively, to US\$300 million, US\$525 million and US\$675 million (together, the “**Total Commitment 1**”), respectively, and each will be bound to subscribe for such number of additional shares in ESR-KS II in proportion to their respective additional equity commitments at the Subscription Price.

Provided the First Upsize Option is exercised by both APG and CPP Investments, when 80% of the Total Additional Commitment 1 has been fully invested, APG and CPP Investments shall, independently of the other, have the right (but not the obligation) to elect to increase its equity commitment in ESR-KS II (the “**Second Upsize Option**”). If both APG and CPP Investments elect to exercise the Second Upsize Option, the total equity commitment of ESRKS, APG and CPP Investments to ESR-KS II will be increased by US\$100 million, US\$175 million and US\$225 million (together, the “**Total Additional Commitment 2**”), respectively, to US\$400 million, US\$700 million and US\$900 million, respectively, and each will be bound to subscribe for such number of additional shares in ESR-KS II in proportion to their respective additional equity commitments at the Subscription Price.

(c) Investment of Commitments and Investment Period

Under the terms of the Subscription and Shareholders' Agreement, the Total Commitments will be invested in or otherwise committed for investment in seed assets and other logistics projects in Korea or to fund operating expenses.

The Total Initial Commitment will be invested within 36 months of the date of closing of the Initial Subscription. The investment period shall be extended by a period of 18 months each upon the exercise(s) of the First Upsize Option and the Second Upsize Option, if any.

(d) Contribution of Seed Asset

On or as soon as reasonably practicable after the completion of the Initial Subscription under the Subscription and Shareholders' Agreement, the Group will transfer the shares of ESRKS Affiliate, an indirect subsidiary of the Company which has entered into a sale and purchase agreement with the Korea Land & Housing Corporation for the purchase of the Seed Asset, to ESR-KS II at the price (the "**Seed Asset Price**") equivalent to (a) the amount funded by the Group for the acquisition of the Seed Asset from the Korea Land & Housing Corporation and (b) a sum equal to a certain rate of return to the Group and calculated by reference to the date of completion of the Initial Subscription.

(e) Asset Management and Project Consulting

Following the completion of the Initial Subscription under the Subscription and Shareholders' Agreement, the Group will provide asset management and consulting services to ESR-KS II and continue to earn management and consulting fees.

(f) Conditions Precedent and Closing

The closing of the Initial Subscription is conditional on merger control clearances being obtained. Subject to the satisfaction of this condition on or before the date which is six months after the date of the Subscription and Shareholders' Agreement (or such other date as the parties may agree), completion of the Initial Subscription is expected to take place before July 2020.

3. REASONS FOR, AND BENEFITS OF, THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

ESRKS is the leading logistics warehouse developer and manager in South Korea. Following the successful deployment of the capital of ESRKS's existing development platform ahead of schedule, ESRKS is raising additional capital to continue its leading position in the market with the establishment of ESR-KS II as a development fund as contemplated under the Subscription and Shareholders' Agreement. As a testament to the performance and results delivered to investors of the platform managed by ESRKS, ESRKS is participating in ESR-KS II with the same joint venture partners as the first development platform. ESRKS's subscription of shares in and equity commitment to ESR-KS II is in line with the Group's business strategy of co-investing in funds and investment vehicles it manages.

The Directors, having regard to the reasons and benefits of entering into the Subscription and Shareholders' Agreement referred to above, consider that the terms of the Subscription and Shareholders' Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the ESRKS Total Commitment to ESR-KS II, assuming the First Upsize Option and the Second Upsize Option are exercised by APG and CPP Investments exceeds 5% but is less than 25%, the Subscription and Shareholders' Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Subscription and Shareholders' Agreement is subject to the notification and announcement requirements, and is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

ESR-KS II was incorporated on 13 March 2020 with ESRKS as the sole shareholder. ESRKS's interest in ESR-KS II will decrease from 100% to 20% and ESR-KS II will be deconsolidated upon the Initial Subscription by APG and CPP Investments to ESR-KS II. Therefore, their Initial Subscription constitutes a deemed disposal of equity interest in ESR-KS II by the Company. The deemed disposal of ESR-KS II and the disposal of ESRKS Affiliate in aggregate do not constitute a discloseable transaction of the Company under the Listing Rules.

5. INFORMATION ON ESR-KS II AND ESRKS AFFILIATE

ESR-KS II was incorporated on 13 March 2020 and ESRKS Affiliate was incorporated on 13 December 2019. Neither ESR-KS II or ESRKS Affiliate had any business operations or generated profits since incorporation.

Following the completion of the Initial Subscription and the transfer of shares in ESRKS Affiliate to ESR-KS II under the Subscription and Shareholders' Agreement, ESR-KS II and ESRKS Affiliate will cease to be accounted as subsidiaries by the Company in its consolidated financial statements.

6. INFORMATION ON APG AND CPP INVESTMENTS

APG is a wholly-owned subsidiary of Stichting Depositary APG Strategic Real Estate Pool (the "**Depositary**") as depositary of APG Strategic Real Estate Pool ("**Pool**"). The Pool is a fund formed for the purpose of collective investments by its participants, all being Dutch pension funds. The Pool is established as a fund for joint account (*fonds voor gemene rekening*) under Dutch laws. It is not a legal entity but a contractual arrangement between the Depositary, APG Asset Management N.V. as its manager, and its participants which invest in it through subscribing an interest in it. As at 1 April 2020, Stichting Pensioenfonds ABP has an approximately 96.77% interest in the Pool, and the remaining interests in the Pool are held by other Dutch pension fund participants. The Depositary holds approximately 6.95% of the shares of the Company as at the date of this announcement.

CPP Investments is a wholly owned subsidiary of the Canada Pension Plan Investment Board, which was established under the Canada Pension Plan Investment Board Act.

APG Strategic Real Estate Pool and Canada Pension Plan Investment Board are investors in certain funds and investment vehicles in which the Group has co-invested and which are managed by the Group.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, APG and CPP Investments and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of Company.

7. INFORMATION ON THE GROUP

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

8. GENERAL

As completion of the transactions under the Subscription and Shareholders' Agreement are conditional upon the satisfaction of the conditions, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

9. DEFINITIONS

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

“APG”	APG Strategic Real Estate Pool N.V.
“Board”	the board of Directors of the Company
“Company”	ESR Cayman Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821)
“CPP Investments”	CPP Investment Board Real Estate Holdings Inc.
“Director”	a director of the Company
“ESR-KS II”	Sunwood Nova Pte. Ltd., an indirect subsidiary of the Company
“ESRKS”	Sunwood Astra Pte. Ltd., an indirect subsidiary of the Company
“ESRKS Affiliate”	Kendall Square LP Incheon Professional Investment Type Private Placement Real Estate No. 1 Investment Company, an indirect subsidiary of the Company
“ESRKS Total Commitment”	US\$400 million
“Group”	the Company and its subsidiaries

“Guarantor”	Sunwood Singapore Holding Pte. Ltd., an indirect subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Seed Asset”	a land site situated in Block DC2, 457-1 Dangha-Dong, Seo-gu, Incheon, South Korea with a gross floor area of 154,422 square meters and a gross value of approximately KRW240,000,000,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Shareholders’ Agreement”	the subscription and shareholders’ agreement dated 22 April 2020 entered into among ESRKS, the Guarantor, APG, CPP Investments and ESR-KS II
“Subscription Price”	US\$1.00 per share in ESR-KS II
“Total Commitments”	the aggregate of the Total Initial Commitment, the Total Additional Commitment 1 (if any) and the Total Additional Commitment 2 (if any)
“US\$”	US dollars, the lawful currency of the United States of America

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 23 April 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.