

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF REMAINING INTEREST IN NANKO
DISTRIBUTION CENTRE 1**

On 2 March 2021, ESR21TMK as seller (the “**Seller**”) and ESR23GK as buyer (the “**Buyer**”) entered into the Purchase and Sales Agreement pursuant to which the Seller agreed to sell and the Buyer agreed to purchase 100% of the beneficial interests in Nanko Distribution Centre 1 (the “**Acquisition**”).

As of the date of this announcement, (i) the Seller is beneficially interested in 100% of Nanko 1; (ii) the Seller is held as to 37% by the Group and 63% by funds managed by Angelo Gordon, an independent third party; and (iii) the Buyer is 100% held by the Group.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Purchase and Sales Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Purchase and Sales Agreement is subject to the notification and announcement requirements, but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

Following the completion of the Acquisition, the Group intends to establish a new Japan Income Fund with Nanko 1 as a seed asset. The Company will make a further announcement in accordance with the Listing Rules if and when appropriate.

1. INTRODUCTION

On 2 March 2021, ESR21TMK as seller and ESR23GK as buyer entered into the Purchase and Sales Agreement with respect to Nanko Distribution Centre 1, on terms as further described below.

As of the date of this announcement, (i) the Seller is beneficially interested in 100% of Nanko 1; (ii) the Seller is held as to 37% by the Group and 63% by funds managed by Angelo Gordon, an independent third party; and (iii) the Buyer is 100% held by the Group. Following the completion of the Acquisition, the Group will, indirectly through the Buyer, be beneficially interested in 100% of Nanko 1 and will (until any subsequent divestment) account for Nanko 1 on its consolidated balance sheet.

Following the completion of the Acquisition, the Group intends to establish a new Japan Income Fund with Nanko 1 as a seed asset. The Company will make a further announcement in accordance with the Listing Rules if and when appropriate.

2. THE PURCHASE AND SALES AGREEMENT

The principal terms of the Purchase and Sales Agreement are set out below:

(a) Sale and Purchase of Beneficial Interests in Nanko 1

Pursuant to the Purchase and Sales Agreement, the Seller agreed to sell and the Buyer agreed to purchase 100% of the beneficial interests in Nanko 1 for a purchase price of JPY29,500,000,000 (excluding the consumption tax and the local consumption tax) (the “**Purchase Price**”). A deposit of JPY1,475,000,000 (the “**Deposit**”) is payable by the Buyer on 4 March 2021, and Purchase Price minus the Deposit (the “**Remaining Purchase Price**”) is payable on the closing date of the Acquisition. The Purchase and Sales Agreement shall automatically terminate if the Seller is unable to confirm the receipt of the Deposit on 4 March 2021, in which event the Buyer shall pay to the Seller an amount equivalent to 5% of the Purchase Price as penalty.

The Consideration was determined after arm’s length negotiation between the parties with reference to a predetermined price and assumptions of a certain level of stabilised occupancy and is expected to be funded by internal resources and external financings.

(b) Conditions Precedent

The completion of the Purchase and Sales Agreement is conditional on certain conditions, including the payment of the Remaining Purchase Price by the Buyer, the consent of the trustee holding Nanko 1 on trust for the Seller to the Acquisition having been obtained, and the termination of security interests granted by the Seller over Nanko 1.

Subject to the satisfaction or waiver of the conditions on or before 26 March 2021, the Acquisition is expected to be completed on the same date.

3. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS

The Group intends to establish a new Japan Income Fund with Nanko 1 as a seed asset. The Acquisition is in preparation for the establishment of such fund and the injection of Nanko 1 into the fund as seed asset, and is in line with the Group's capital recycling strategy of transferring balance sheet assets into new funds and investment vehicles it manages and co-investing in such funds and vehicles. The Company will make a further announcement in accordance with the Listing Rules if and when appropriate.

The Directors, having regard to the reasons and benefits of entering into the Purchase and Sales Agreement referred to above, consider that the terms of the Purchase and Sales 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 Acquisition exceeds 5% but is less than 25%, the Purchase and Sales Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Accordingly, the Purchase and Sales Agreement is subject to the notification and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

5. INFORMATION ON NANKO 1

Nanko 1, which is 100% beneficially owned by the Seller as of the date of this announcement, is a distribution centre located in Osaka. It had book value and valuation of JPY29,000,000,000 as of 31 December 2020 based on the unaudited financial statements of the Seller prepared in accordance with Japanese Generally Accepted Accounting Principles, aligned to International Financial Reporting Standards.

The Seller was incorporated on 7 December 2018 and Nanko 1 was acquired by the Seller on 24 May 2019. Based on the unaudited financial statements of the Seller prepared in accordance with Japanese Generally Accepted Accounting Principles, aligned to International Financial Reporting Standards, the unaudited net profits attributable to Nanko 1 before taxation and extraordinary items was JPY3.3 billion and the unaudited net profits attributable to Nanko 1 after taxation and extraordinary items was JPY3.3 billion for the financial year ended 31 December 2019.

Following the completion of the Acquisition, the Group will account for Nanko 1 on its consolidated balance sheet.

6. INFORMATION ON THE SELLER

As of the date of this announcement, the Seller is held as to 37% by the Group and 63% by funds managed by Angelo Gordon. Angelo Gordon is a leading, privately-held alternative investment firm, managing approximately US\$43 billion across a broad range of credit and real estate strategies. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Seller and its ultimate beneficial owners (save for the Group) are third parties independent of the Company and connected persons of the 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 Asia Pacific regions, including the People's Republic of China, Japan, South Korea, Singapore, Australia and India.

8. GENERAL

As completion of the Acquisition is 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:

“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)
“Director”	a director of the Company
“Group”	the Company and its subsidiaries
“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

“Nanko 1”

Nanko Distribution Centre 1, a distribution centre situated in Suminoe-ku, Osaka City, Osaka, Japan with a gross floor area of 125,813 square meters

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 2 March 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes and Mr. Wei Hu 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.