

## ESR to acquire ARA Asset Management

*A landmark transaction to create APAC's largest real asset manager  
powered by the New Economy*

- Combined AUM<sup>1</sup> of US\$129 billion, more than 2x the next largest manager in APAC and 3<sup>rd</sup> largest listed real estate investment manager globally
- Addition of LOGOS, ARA's captive logistics and data centre specialist, cements the enlarged ESR Group's position as the largest "New Economy"<sup>2</sup> real estate platform in APAC with over US\$50 billion of AUM
- Enhanced resilience from the increased contribution from fund management income with pre-dominantly perpetual and core-capital vehicles
- Best-in-class management team with a supportive strategic shareholder base and a deep-rooted commitment to ESG

**HONG KONG / SINGAPORE, 4 August 2021** – **ESR Cayman Limited** ("ESR"; SEHK Stock Code: 1821) and **ARA Asset Management** ("ARA") today announced that the two companies have entered into an acquisition agreement pursuant to which ESR will acquire 100% of the share capital of ARA for US\$5.2 billion (the "Transaction"). ESR's founders along with OMERS and JD.com (which in total represent all the shareholders who have representatives on the ESR board) with an aggregate shareholding of 46% have provided irrevocable undertakings to vote in favour of the Transaction.

Founded in 2002 and listed on the SGX between 2007-2017, ARA is the largest real asset manager in APAC with a captive and fast growing New Economy real estate platform via its subsidiary, LOGOS. With US\$95 billion in gross AUM<sup>3</sup>, ARA operates a diversified multi-product platform across assets, strategies and geographies in both the public and private markets, covering real estate investment trusts (REITs) and private funds in real estate, infrastructure / renewables and credit. ARA executes its market leading platform under its "Raise, Invest, Manage and Build" strategy. Group-wide, it has raised over US\$16 billion in equity capital since 2016, which has supported a gross transaction volume of acquisitions, divestments and development activity of almost US\$20 billion during the same period. Utilising an investor-operator model to manage its investments and to add value at every stage of an asset's life cycle, ARA has built a demonstrable track record over time in growing its business and ultimately delivering value for all its stakeholders.

As a key part of its growth engine, ARA currently owns a controlling stake in LOGOS, a leading logistics and data centre real estate developer and fund manager with a strong presence across Australia, China, Singapore, Indonesia, Malaysia, Vietnam, India, Korea and New Zealand. On the back of its continued expansion across APAC, LOGOS' total AUM has nearly doubled over the past two years to US\$17 billion, comprising over 8.9 million sqm of property either owned or under development across 26 ventures, including the Singapore listed ARA LOGOS Logistics Trust (SGX: K2LU). Similar to ESR, LOGOS is a fully integrated developer and fund manager and manages all aspects of logistics and data centre real estate, including land sourcing, design and development, leasing, operations and asset management

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<sup>1</sup> Reported AUM of US\$29.9 billion for ESR as of 31 December 2020 adjusted for AUM announced in 1H2021 (Milestone Portfolio US\$2.8 billion, RJLF3 US\$675 million, Korea Income JV US\$500 million). Gross asset under management by ARA and its associates, inclusive of ARA LOGOS Logistics Trust as of 30 June 2021; adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021.

<sup>2</sup> Logistics and data centres

<sup>3</sup> Gross asset under management by ARA and its associates, inclusive of ARA LOGOS Logistics Trust as of 30 June 2021; adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021.

on behalf of some of the world's largest investors. On the fund management side, LOGOS has built a very strong following with 22 institutional capital partners, 14 of which are new to the enlarged ESR Group.

Following the completion of the Transaction, ARA's business will be combined with ESR's platform. The enlarged ESR Group will become APAC's largest real estate and real asset manager powered by New Economy, and the world's third largest listed real estate asset manager. The combined AUM will reach US\$129 billion, of which over US\$50 billion is in New Economy real estate, making it the largest such platform in APAC. Based on the financial results for 2020, over 80% of the enlarged ESR Group's EBITDA<sup>4</sup> will come from New Economy real estate, while more than 50% of its AUM will come from perpetual and core capital vehicles (including 14 listed REITs).

Jeffrey Perlman, Chairman of ESR, said: "Our vision has always been to build a leading fund manager focused on technology enabled real estate, especially logistics and more recently data centres, on the back of major secular trends including the rapid rise of e-commerce, digital transformation and the financialisation of real estate in Asia Pacific. With the acquisition of ARA, we are very excited to bring two best-in-class businesses together to form Asia Pacific's #1 real asset fund manager powered by the leading New Economy platform. We are currently witnessing a 'once in a generation' change in real estate where leading global investors are seeking to rebalance their portfolios by divesting institutional quality assets in order to redeploy that capital back into New Economy real estate where they have been meaningfully underweight. By creating a one-of-a-kind closed loop solutions ecosystem for capital partners with the addition of ARA, we can leverage our perpetual capital vehicles to help them divest these assets and captively redeploy back into New Economy real estate via ESR and LOGOS, the largest New Economy real estate platform in Asia Pacific with over US\$50 billion of AUM. As we usher in this new era of real estate, the enlarged ESR Group is even better positioned to capture this outsized market opportunity."

Today, global investors are increasingly consolidating relationships towards a limited number of large-scale and professional managers, allocating more capital to a smaller roster of managers. The increasing average fund size – 80% of funds closed in 2020 are over US\$1 billion in size – underscores the trend of larger managers gaining greater share of fund commitments. The enlarged ESR Group, as one of the largest listed real estate investment managers globally, is poised to capitalise on this trend.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, said: "First, we want to welcome the ARA and LOGOS teams as well as our new strategic shareholders to the ESR family. This is an exciting time for ESR as we look forward to the promising future the combined platform is set to bring about. Post transaction, the enlarged ESR Group will witness immediate growth in size, scale and offerings – as global investors seek to give more capital to increasingly fewer managers, we are uniquely positioned to capture an outsized share of that capital. Additionally, we have always believed in the growth of logistics and data centre real estate and this transaction accelerates our vision considerably as our geographic reach will now extend across over 95% of GDP in Asia Pacific, total New Economy AUM will rise by 49% to over US\$50 billion, portfolio GFA will increase by 44.3% to 29 million sqm and we will have 'dry powder' of US\$7 billion to deploy into new logistics and data centre projects.

"Furthermore, we have always been impressed by ARA's and LOGOS' commitment to ESG and we are very excited about the broader impact the enlarged Group can have across our business and our local communities. We firmly believe that the enlarged Group will build immensely on our long-standing reputation as a robust, resilient and purpose-led organisation dedicated to creating sustainable value for our shareholders, capital partners, customers and most importantly our valued employees."

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<sup>4</sup> Based on 2020A segment EBITDA, before unallocated corporate costs.

John Lim, ARA Co-founder and Deputy Chairman, said: “For close to two decades, ARA has established itself as a leading real asset manager with a successful track record across geographies, asset classes and strategies through multiple market cycles. We look forward to partnering with the ESR team, whose expertise, dedication and vision have led to building the region’s leading logistics real estate platform, and we can now together provide investors with a full suite of products with an outsized contribution from New Economy real estate.”

Mr. Lim, together with a representative from each of CK Asset Holdings and Sumitomo Mitsui Banking Corporation (“SMBC”), will be appointed to ESR’s board of directors. SMBC will also subscribe to a US\$250 million placement of new ESR shares to reinforce its commitment to the enlarged ESR Group. The senior management of ARA and LOGOS will join the enlarged ESR Group to drive its next phase of growth.

Also integral to ARA’s growth strategy is a strong focus on sustainability where it adopts a holistic approach in incorporating ESG considerations into its business operations. ARA’s initiatives on the sustainability front include joining as a signatory for the Net Zero Carbon Buildings Commitment under the World Green Building Council and adopting the United Nation Principles for Responsible Investment (UNPRI). In addition, ARA Group has secured green loans exceeding S\$1 billion to date and intends to expand its green financing initiatives. ARA is also an active participant in GRESB, and many of its publicly listed REITs and private real estate funds have obtained 5-Star Ratings. ARA’s sustainability efforts have been recognised by industry peers with numerous awards and accolades, including Best Sustainable REIT Fund Manager in Asia Pacific, ESG Real Estate Investor of the Year in Asia, among others.

John Marsh and Trent Iliffe, the Co-founders and Managing Directors & Co-CEOs of LOGOS, also commented: “We are excited to partner with ESR in our next phase of growth. Our focus has always been to create a leading logistics and data centre specialist that can deliver strong and sustainable returns for all our stakeholders. The power of the combined platform will be unmatched and we look forward to leveraging our complementary capabilities, expertise, commitment to ESG, capital and customer relationships to deliver a best-in-class offering going forward.”

The Transaction brings together two of the region’s fastest growing platforms, ESR and LOGOS, to form a leading New Economy real estate platform, doubling down on this rapidly expanding segment with two leading growth engines. The enlarged Group’s New Economy AUM and development pipeline will be the largest in APAC with top 1 or 2 positions in every market across the region.

Pursuant to the acquisition agreement, ESR will acquire 100% share capital of ARA via a 90/10 stock/cash transaction, which comprises:

- Stock (90%)<sup>5,6</sup>: US\$4.7 billion in new ESR shares (“Consideration Shares”) and Vendor Loan Notes<sup>7</sup> (“VLN”); and
- Cash (10%): US\$519 million in cash funded by US\$250 million share placement<sup>8</sup> to SMBC and US\$269 million debt / internal resources

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<sup>5</sup> ESR has option to fund up to an additional US\$1,038 million with cash.

<sup>6</sup> Consideration Shares and VLN to be issued at price of HK\$27.00 per share representing a premium / (discount) of (2.5%), 1.9% and 5.7% to last close, average closing price since 5 July 2021 and average closing price since 5 February 2021, respectively.

<sup>7</sup> VLN are non-voting, perpetual, zero-coupon, convertible to new ESR shares upon satisfaction of certain conditions, including the condition that no mandatory general offer is triggered for ESR.

<sup>8</sup> Strategic partner, SMBC, to subscribe to a US\$250 million placement at an issue price of HK\$25.35 per share to reinforce commitment to the Enlarged ESR Group.

All ARA shareholders will rollover their ownership interest into ESR and have agreed to lock-up of six months. Furthermore, it is contemplated at the close of the transaction ESR's founders and ARA's co-founder, John Lim, would have committed to a lock-up of up to 36 months on a staggered basis.

The Transaction is subject to ESR shareholders' approval at an EGM to be convened in due course. The Transaction is subject to customary closing conditions including, amongst others, regulatory approvals. Closing is expected by the end of 2021 or first quarter 2022.

Morgan Stanley Asia Limited is acting as financial advisor, and Freshfields Bruckhaus Deringer is serving as legal counsel to ESR. In addition, United Overseas Bank Limited is providing certain debt and financing related advice to ESR on the Transaction.

Citigroup Global Markets Singapore Pte. Ltd. is acting as lead financial advisor to ARA, and DBS and OCBC Bank have also been appointed as financial advisors, and Latham & Watkins is serving as legal counsel to ARA.

### **Webcast Presentation**

ESR and ARA will host a webcast presentation today to discuss the transaction.

Date: 4 August 2021  
Time: 10:45 p.m. (Hong Kong / Singapore time)  
Live webcast: [https://webcast.openbriefing.com/ESR\\_0821/](https://webcast.openbriefing.com/ESR_0821/)

The webcast replay will be available in the Investor Relations "Presentations and Webcasts" section at [www.esr.com](http://www.esr.com).

### **About ESR**

ESR is the largest APAC focused logistics real estate platform by gross floor area ("GFA") and by value of the assets owned directly and by the funds and investment vehicles it manages with a growing presence in data centres. ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGGM and SK Holdings. The ESR platform spans major economies across the APAC region, including China, Japan, South Korea, Singapore, Australia, India, Vietnam and Indonesia. As of 31 December 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$34 billion<sup>9</sup>, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 20 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. For more information on ESR, please visit [www.esr.com](http://www.esr.com).

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<sup>9</sup> Reported AUM of US\$29.9 billion for ESR as of 31 December 2020 adjusted for AUM announced in 1H2021 (Milestone Portfolio US\$2.8 billion, RJLF3 US\$675 million, Korea Income JV US\$500 million).

### **About ARA Asset Management Limited**

Founded in 2002, ARA is the largest real assets manager in Asia Pacific with a fast growing New Economy real estate platform (Logos). With US\$95 billion in gross assets under management across 28 countries, ARA Group operates a diversified multi-product platform across assets, strategies and geographies in both the public and private markets, covering real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit globally. ARA's vertically-integrated business includes development and value-add asset management capabilities, an in-house capital raising team, and property management expertise in local markets where ARA invests and manages assets. With a resolute focus on creating sustainable value, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions. For more information, please visit <http://www.ara-group.com>.

### **About LOGOS**

LOGOS is a dynamic and growing logistics specialist with operations across Australia, China, Singapore, Indonesia, Malaysia, Vietnam, India and New Zealand. LOGOS' shareholders include ARA Asset Management, the largest Asia Pacific real assets manager with US\$95 billion in gross assets under management globally; Ivanhoé Cambridge, a Canadian real estate industry leader investing in high-quality properties and companies with C\$60.4 billion in real estate assets globally; and LOGOS' founders.

LOGOS manages every aspect of logistics real estate, including investment management, sourcing land or facilities and undertaking development and asset management, on behalf of some of the world's leading global real estate investors. LOGOS has total Assets Under Management (AUM) of over US\$17 billion, comprising over 8.9 million sqm of property owned and under development across 26 ventures, including the Singapore listed ARA LOGOS Logistics Trust.

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