

ESR recaps 873,000 sqm/RMB4.9 billion (US\$730 million) balance sheet portfolio in China with a leading global institutional investor to further accelerate its asset light trajectory

The transaction represents ESR's largest-ever sell-down of a self-developed balance sheet portfolio with the plan to recycle the capital back into new and increasingly attractive opportunities across APAC



ESR Tianjin Logistics Park

SHANGHAI / HONG KONG, 4 July 2022 – ESR Group Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager powered by the New Economy, has entered into an agreement with a leading global institutional investor (“Investor”) to recap a prime logistics and industrial portfolio (total GFA of over 873,000 sqm) from ESR’s balance sheet. The transaction represents the largest self-developed¹ balance sheet sell-down for ESR to date, reinforcing the Group’s capital recycling strategy and asset-light approach.

The portfolio, currently 98% occupied, consists of nine completed logistics and industrial assets with a total GFA of over 873,000 sqm, spanning major logistics and industrial hubs across different regions in China, including the Yangtze River Delta Region, the Greater Bay Area, and the Beijing-Tianjin-Hebei Region. With the transaction, the overall core portfolio managed by ESR with the Investor now expands to over 1.4 million sqm.

¹ Over 60% of the assets (by GFA) were self-developed by ESR.

Recognising sustainability as an important element to protect and grow the value of assets, ESR seeks to launch ESG initiatives such as increasing the rooftop solar power generation for the portfolio, in line with the Group's priority to further enhance energy sustainability with an aim to work towards a 50% increase in solar power generation capacity by 2025.

Jeffrey Shen, Co-founder and Co-CEO of ESR, said: "We are very pleased to further expand our relationship with one of our long-time capital partners, with whom ESR has built a strong relationship and track record across strategies and markets. Despite some near-term macro and geopolitical headwinds, this transaction is a further validation that institutional investors are increasingly drawn to the compelling long-term income potential of well-located, premium quality logistics portfolios in China developed by ESR."

As APAC's largest real asset manager and New Economy real estate platform, ESR Group has a development pipeline of 24.3 million sqm as well as WIP of US\$10.5 billion, the largest in APAC. The development pipeline in China amounted to 6.9 million sqm and development activities remain strong on the back of record leasing by the Group in China of over 2 million sqm in 2021.

"This transaction also represents the largest sell-down of ESR self-developed balance sheet assets to date. It is in line with ESR's focus on accelerating its asset-light strategy which is an integral part of our long-term growth plan. With the completion of this sell-down, ESR Group is well-positioned to achieve another record capital recycling year as we seek to take advantage of increasingly more attractive pipeline opportunities across APAC and build on the strength of our integrated platform, balance sheet, capital partners and customers to deliver long-term sustainable growth," added Mr. Shen.

ESR Group continues to deliver on its asset-light strategy. In 2021, the Group sold down over US\$800 million from its balance sheet. This translated into over US\$500 million of net cash which was subsequently recycled back to the Group for future growth. In May 2022, ESR Group completed the successful tender of its 18.16% holding in China Logistics Property Holdings Co., Ltd (CNLP; SEHK Stock Code: 1589), representing US\$350 million of gross proceeds which will be recycled to fuel other growth opportunities in the future.

The completion of the transaction is subject to regulatory approval.

About ESR

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140.2 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalize on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information is available at www.esr.com.

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