

## Consortium and ESR Jointly Announce Scheme of Arrangement to Take Company Private

- The Proposal from the Consortium provides a holistic solution for Shareholders with the rare opportunity to elect between (i) the Cash Alternative, (ii) the Share Alternative, or (iii) a mix of cash and shares in a proportion of their choosing
- The Cash Alternative of HK\$13.00 per Scheme Share provides certain, near-term liquidity at a substantial premium of 55.7% over the closing price of HK\$8.35 on the pre-NBO date of 24 April 2024
- The Proposal values ESR at HK\$55.2 billion (US\$7.1<sup>1</sup> billion) on an equity value basis, making it the largest privatisation from the Hong Kong Stock Exchange since 2021
- Proposed privatisation helps to fully realise the platform value of ESR in the long-term, supported by highly experienced investors to assist the Company in its strategic transformation
- The Consortium, led by Starwood Capital Group, Sixth Street and SSW Partners, and which also includes QIA, Warburg Pincus and the Founders of the Company, collectively holds 39.9% of the total issued shares of ESR
- As at 4 December 2024, Shareholders representing 51.2% of the Scheme Shares held by Disinterested Shareholders have provided Irrevocable Undertakings to support the Proposal

**HONG KONG, 4 December 2024** – The Consortium led by Starwood Capital Group, Sixth Street and SSW Partners (the “Consortium”), and ESR Group Limited (“ESR or the “Company”), today jointly announce the Consortium’s proposal (collectively the “Proposal”) to privatise ESR by way of scheme of arrangement from the Hong Kong Stock Exchange.

The Proposal values ESR at HK\$55.2 billion (US\$7.1<sup>1</sup> billion) on an equity value basis, making it the largest privatisation from the Hong Kong Stock Exchange since 2021. The Consortium, led by Starwood Capital Group, Sixth Street and SSW Partners, which also includes QIA, Warburg Pincus, and the Founders of the Company, collectively holds 39.9% of the total issued shares of ESR. In addition, the Consortium has received co-investment equity commitments from highly reputable institutional investors who will be investing through both Starwood Capital and Warburg Pincus-managed vehicles, including Alpha Wave Global (“Alpha Wave”) and a leading Asia public pension investor.

### **Holistic solution with rare opportunity to choose between cash or shares or a combination of both**

The Consortium is of the view that the Proposal provides a holistic solution for Shareholders with a rare opportunity to elect between (i) receiving cash to fully monetise their investment at a substantial premium (the “Cash Alternative”), (ii) rolling their shares into EquityCo<sup>2</sup> to participate in the next phase of the Company’s development alongside the Consortium (the “Share Alternative”), or (iii) a mix of these two options in a proportion of their choosing.

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<sup>1</sup> HK\$ / US\$ = 7.80

<sup>2</sup> EquityCo is an unlisted investment holding company incorporated in the Cayman Islands for the sole purpose of implementing the Proposal.

Shareholders who elect the Share Alternative will roll their Scheme Shares into EquityCo shares, at a ratio of 1:1, alongside the Consortium in the new entity to pursue strategic transformation initiatives aimed at realising ESR's platform value in the long term.

### **Certain, near-term liquidity at a substantial premium through the Cash Alternative**

For Shareholders electing to receive cash, the Cash Alternative of HK\$13.00 per Scheme Share provides certain, near-term liquidity at a substantial premium of:

- 55.7% over the closing price of HK\$8.35 per share on 24 April 2024, being the last trading day prior to the date of submission of the Non-Binding Offer ("Pre-NBO Date");
- 54.0% and 40.8% over the average closing price of approximately HK\$8.44 and HK\$9.23 per share for the 30 and 60 trading days up to and including the Pre-NBO Date, respectively; and
- 199.1% over the Company's unaudited consolidated Net Tangible Asset Value per Share of HK\$4.35 as at 30 June 2024.

The Cancellation Consideration (the Cash Alternative or the Share Alternative) under the Proposal has been increased twice since the initial approach in May 2024. It is now final and will not be increased further.

### **Strategic transformation best executed in a private setting**

The Consortium believes that the Proposal is beneficial to the Company and the terms of the Proposal are attractive to Shareholders in a number of ways:

A strategic transformation is required to realise the Company's platform value. To effectuate this transformation, the Company needs to transition to an asset-light platform, re-focus on New Economy sectors, simplify its current portfolio with non-core asset divestitures, realise cost synergies and optimise its balance sheet.

These strategic initiatives may come with significant short-term earnings fluctuations and the Consortium believes that the strategic transformation is best executed in a private setting, where decision making and execution related to this transition would be more flexible, efficient and unconstrained by the Listing Rules.

The Proposal, if successful, would transform the Company's shareholder register to include highly experienced world-class investors whose long-term capital will support the Company's strategic transformation and growth, while maintaining a prudent and effective governance structure that protects minority shareholders.

### **Terms and timing of the Proposal**

As at the announcement date, the Consortium holds in aggregate 39.9% of the total number of issued shares in ESR, and will abstain from voting on the Scheme at the Court Meeting to approve the Scheme.

The Consortium, as at 4 December 2024, has received Irrevocable Undertakings ("IUs") in support of the Proposal from Shareholders representing approximately 51.2% of the Scheme Shares held by Disinterested Shareholders, including OMERS, John Lim, APG, Straits and SMBC.

The Board of the Company (the “Board”) has established an Independent Board Committee (the “IBC”), comprising all of the Independent non-executive Directors who are not Consortium Concert Parties, or who have not (or whose appointing shareholders have not) provided IUs, to evaluate the Proposal and make a recommendation to the Disinterested Shareholders, the Option-holders and the Award-holders as to whether the Proposal is fair and reasonable and as to voting. An Independent Financial Adviser (“IFA”) will be appointed by the Board with the approval of the IBC in due course to advise the IBC on the Proposal pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made after the appointment of the IFA.

Subject to satisfaction or a valid waiver (as applicable) of certain Pre-Conditions detailed in the 3.5 Announcement, a document will be despatched by the Company to Shareholders containing, among other things, further details of the Proposal, a letter from the Board, a letter of advice from the IFA, the recommendations of the IBC and notices to convene the Court Meeting and the EGM (“Scheme Document”). The timetable of the Proposal will be set out in the Scheme Document at a later date.

The Proposal will be financed through a combination of: (i) rollover of the Consortium’s 39.9% shareholding, (ii) additional equity capital from the Consortium members, (iii) external debt financing and (iv) any shares rolled over by non-Consortium members who elect the Share Alternative.

The Proposal is subject to shareholder approval, court sanction and other Pre-Conditions and Conditions outlined in the 3.5 Announcement.

Morgan Stanley Asia Limited (“Morgan Stanley”) and Deutsche Bank AG, Hong Kong Branch are acting as co-lead financial advisers, where Morgan Stanley is also acting as the sole structuring advisor to the Consortium. Goldman Sachs and UBS are acting as joint financial advisers to the Consortium and United Overseas Bank Limited is acting as capital structure advisor to the Consortium. Latham & Watkins LLP and Kirkland & Ellis are acting as legal counsels to the Consortium in connection with the Proposal. JLL is acting as the real estate advisor to the Consortium.

Citigroup Global Markets Asia Limited is acting as the exclusive financial adviser to the Company and Freshfields Bruckhaus Deringer is acting as legal counsel to the Company in connection with the Proposal.

Additional information about the Proposal can be found in the 3.5 Announcement published on the website of the Hong Kong Stock Exchange.

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## **About ESR Group**

ESR Group is Asia-Pacific's leading New Economy real asset manager and one of the largest listed real estate investment managers globally. Our fully integrated fund management and development platform extends across Australia and New Zealand, Japan, South Korea, Greater China, Southeast Asia, and India, including a presence in Europe. We provide investors with a diverse range of real asset investment and development solutions across private and public investment vehicles. Our focus on New Economy real assets offers customers modern solutions for logistics, data centres, and infrastructure and renewables. Our purpose, Space and Investment Solutions for a Sustainable Future, drives us to manage sustainably and impactfully for the communities where we operate and the spaces we develop to thrive for generations to come. ESR Group is listed on The Stock Exchange of Hong Kong (HKSE: 1821.HK). Visit [www.esr.com](http://www.esr.com) for more information.

## **About the Consortium**

### ***Starwood Capital Group and its co-investors***

Starwood Capital Group is a private investment firm with a core focus on global real estate. Starwood Capital Group and its affiliates maintain 16 offices in seven countries around the world, and currently have more than 5,000 employees. Since its inception in 1991, Starwood Capital Group has raised over US\$80 billion of capital and currently has approximately US\$115 billion of assets under management. Through a series of comingled opportunity funds and Starwood Real Estate Income Trust, Inc. (SREIT), a non-listed REIT, Starwood Capital Group has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Starwood Capital also manages Starwood Property Trust (NYSE: STWD), the largest commercial mortgage real estate investment trust in the United States, which has successfully deployed over US\$100 billion of capital since inception and manages a portfolio of over US\$26 billion across debt and equity investments. Over the past 33 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets.

Alpha Wave is a global investment company with three main verticals: private equity, private credit, and public markets. It is led by Rick Gerson, Navroz Udawadia, and Ryan Khoury. Alpha Wave's flagship global private equity fund, Alpha Wave Ventures, aims to invest in best-in-class growth-stage companies and endeavours to be helpful long-term partners to the founders and management teams. Alpha Wave has offices in Miami, New York, London, Monaco, Madrid, Abu Dhabi, Tel Aviv, Bangalore, and Sydney.

### ***Sixth Street***

Sixth Street is a global investment firm with over \$80 billion in assets under management and committed capital. Sixth Street uses its long-term flexible capital, data-enabled capabilities, and One Team culture to develop themes and offer solutions to companies across all stages of growth. The firm's dedicated global real estate team partners with property managers and institutional investors to acquire, finance, and provide servicing expertise across the global real estate sector. Founded in 2009, Sixth Street has more than 650 team members including over 250 investment professionals operating around the world.

### ***The SSW Entities***

The SSW Entities are a part of SSW Partners, LP, a New York-based investment firm that invests in high-quality businesses and collaborates with partners to create enduring value for all stakeholders. It focuses on businesses that consistently invest in their products and people, have built their reputations based on

the quality of the goods they produce or services they provide, who have demonstrated the capacity for innovation and constant improvement, and who prioritise the interests of all stakeholders, including employees, customers, owners and the communities in which the businesses operate. In 2022, SSW Partners, LP partnered with Qualcomm to lead the successful privatisation of Veoneer, a Swedish provider of automotive technology, which it acquired for US\$4.6 billion in an all-cash transaction.

### **QIA**

QIA is the sovereign wealth fund of the State of Qatar. QIA was founded in 2005 to invest and manage the state reserve funds. QIA is among the largest and most active sovereign wealth funds globally. QIA invests across a wide range of asset classes and regions as well as in partnership with leading institutions around the world to build a global and diversified investment portfolio with a long-term perspective that can deliver sustainable returns and contribute to the prosperity of the State of Qatar.

### **Warburg Pincus**

Warburg Pincus LLC is the pioneer of private equity global growth investing. A private partnership since 1966, the firm has the flexibility and experience to focus on helping investors and management teams achieve enduring success across market cycles. Today, the firm has more than \$86 billion in assets under management, and more than 230 companies in their active portfolio, diversified across stages, sectors, and geographies. Warburg Pincus has invested in more than 1,000 companies across its private equity, real estate, and capital solutions strategies.

### **The Founders**

Mr. Jinchu Shen and Mr. Stuart Gibson are the Co-CEOs and executive Directors of the Company, and Mr. Charles Alexander Portes is a non-executive Director. The Founders each founded a part of the business of the Group which then merged to form the Company. The Founders continued to lead the expansion of the business of the Group throughout APAC and the Shares became listed on the Main Board of the Stock Exchange on 1 November 2019.

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## Disclaimer

This press release contains information on the proposed privatisation of ESR Group Limited (the “**Company**”) by MEGA BidCo (the “**Offeror**”) by way of a scheme of arrangement under section 86 of the Companies Act (2023 Revision) of the Cayman Islands (the “**Proposal**”). Any person resident outside the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”) who wishes to view this press release must first satisfy themselves that they are not subject to any local requirements which prohibit or restrict them from doing so.

**This press release does not constitute an offer or invitation to buy or sell securities.**

Please note that this press release is provided for information only. Nothing on this press release constitutes (a) an invitation or offer to acquire, purchase or subscribe for securities of the Offeror, the Company or any other entity, (b) a solicitation of any vote or approval in any jurisdiction, or (c) investment advice.

The full terms and conditions of the Proposal will be contained in the scheme document in relation to the Proposal (the “**Scheme Document**”) to be posted to the relevant shareholders of the Company separately. Any investment decision with respect to the exercise of the rights attached to any securities mentioned in this press release must be made exclusively on the basis of the Scheme Document including any supplements thereto and not on the basis of the information provided in this press release.

Before making any investment decision, or exercising any right attaching to a share or other security, you should seek appropriate advice from a lawyer, stockbroker, or other professional adviser (in each case qualified and/or authorised).

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this press release (other than information relating to the Offeror and its concert parties (the “**Offeror Concert Parties**”)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this press release by the directors of the Company (other than those expressed by the directors of the Offeror and the respective directors of the Consortium members in their capacities as such) have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to EquityCo and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the directors of the Offeror have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The relevant responsible persons of the Starwood Entities jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to the Starwood Entities and

confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the relevant responsible persons of the Starwood Entities have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The relevant responsible persons of the SSW Entities jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to the SSW Entities and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the relevant responsible persons of the SSW Entities have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The managers of the Sixth Street entity jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to the Sixth Street entity and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the board of managers of the Sixth Street entity have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The directors of the relevant Warburg Pincus entities jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to Warburg Pincus and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the directors of the relevant Warburg Pincus entities have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

Mr. Jinchu Shen accepts full responsibility for the accuracy of the information contained in this press release relating to himself and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this press release by Mr. Jinchu Shen (other than those expressed by Mr. Jinchu Shen in his capacity as a director of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

Each of Mr. Stuart Gibson and Mr. Charles Alexander Portes jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to themselves and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by each of Mr. Stuart Gibson and Mr. Charles Alexander Portes (other than those expressed by Mr. Stuart Gibson and Mr. Charles Alexander Portes in their capacity as directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.

The directors of the relevant QIA entity jointly and severally accept full responsibility for the accuracy of the information contained in this press release relating to QIA and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this press release by the directors of the relevant QIA entity have been arrived at after due and careful consideration and there are no other facts not contained in this press release, the omission of which would make any statement in this press release misleading.