

**ESR to divest ARA Private Funds for US\$270 million<sup>1</sup> –  
delivering on substantial non-core divestment pipeline to double down on  
New Economy leadership**

- *The transaction represents a key milestone in ESR's stated strategy to streamline and simplify its business with a focus on New Economy real estate such as logistics, data centres and life sciences*
- *The business to be sold primarily consists of finite-life funds owning assets in traditional real estate sectors including office, retail and hospitality*
- *The purchase price represents a gain on sale of approximately US\$50 million and implies an attractive multiple, further reinforcing the value of funds management platforms*
- *Expected net proceeds from the transaction of approximately US\$290 million<sup>2</sup> will be predominantly used to reduce the Group's financial indebtedness*

**HONG KONG, 11 March 2024** – ESR Group Limited (“ESR” or the “Company”, together with its subsidiaries, the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager powered by the New Economy, has today entered into share purchase agreements to divest its ARA Private Funds (“APF”) business in Australia, Singapore, South Korea and the USA<sup>3</sup> to entities which include an affiliate of Sumitomo Mitsui Finance and Leasing Co (“the Buyer”)<sup>4</sup> for an agreed enterprise value of US\$270 million<sup>5</sup>. Post net asset adjustments, repayment of intra-group indebtedness, transaction costs and tax, the expected net proceeds to ESR are approximately US\$290 million, which will be predominantly used to reduce the Group’s financial indebtedness.

The APF business to be sold primarily consists of finite-life funds owning assets in traditional real estate sectors including office, retail and hospitality. The transaction is structured as the sale of ESR’s interests in certain subsidiaries, with the purchase price calculated with reference to their net asset value and a market valuation for the funds management platform. The transaction is subject to regulatory and other conditions and is expected to be completed by 3Q 2024.

Following a detailed review of the businesses acquired as part of the ARA Asset Management transaction, the Board identified up to US\$750 million of non-core businesses to be divested, and this transaction represents the first of those divestments. In total, 22 funds are being divested as part of this transaction, representing US\$9.8 billion in AUM, with close to 100% of the assets in these funds sitting outside of ESR’s core New Economy focus. LOGOS, the listed REIT management business, the Infrastructure / Renewables platform and the European platform, from the ARA Asset Management acquisition, do not form part of this transaction. As part of the transaction, the remaining ARA branded vehicles within the Group will be rebranded to ESR.

---

<sup>1</sup> Agreed enterprise value on a debt and cash free basis, including US\$10 million of working capital.

<sup>2</sup> Post net asset adjustments, repayment of intra-group indebtedness, transaction costs and tax.

<sup>3</sup> The management platform for Singapore Exchange-listed ARA US Hospitality Trust does not form part of this transaction.

<sup>4</sup> These entities include SMFL MIRAI Partners (Singapore) Pte. Ltd. (“MPS”) and Kenedix, Inc. (“Kenedix”).

<sup>5</sup> On a debt and cash free basis, including US\$10 million of working capital.

Jeffrey Shen and Stuart Gibson, ESR Group Co-founders and Co-CEOs, said: “The transaction represents a key milestone in ESR’s stated strategy to streamline its business and double down on its New Economy focus, which continues to be underpinned by high-growth industries like e-commerce, digital / AI and biopharma. These sectors are on the cutting edge of digitalisation, science and technology and they will continue to drive the demand for and investment in quality logistics, high-tech industrial, data centres and life sciences properties.”

“This is the first transaction as part of our stated strategy to divest up to US\$750 million of non-core businesses and we remain confident in our ability to deliver on that result. The divestment will enable us to utilise other capital within the Group to invest into core areas of growth and deliver long-term shareholder value.”

The Group will recognise a gain on sale of approximately US\$50 million in connection with the transaction.

Moses Song, current ARA CEO, will depart ESR to assume the role of CEO of ARAvest Pte.Ltd. (“ARAvest”) (the new holding company of APF) and will invest alongside MPS and Kenedix in the business. ARAvest will continue to pursue a diversified, real assets investment management strategy in collaboration with its new sponsors, SMFL Group and Kenedix, with a focus on the APAC region. The existing leadership team and staff of APF will transition into new roles with ARAvest.

Jeffrey Shen and Stuart Gibson further commented: “Moses Song has made a strong contribution to ESR since the company acquired ARA. He is a well-respected leader and we thank him and his team for their contribution over the past few years. Moses has strong relationships with capital partners and a deep understanding of their needs, and combined with the capital support of SMFL and its affiliates, is uniquely positioned to grow the business under its new ownership.”

## **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 approximately US\$150 billion in total assets under management (AUM)<sup>6</sup>, 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 capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of approximately 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. For more information on ESR, please visit [www.esr.com](http://www.esr.com)

---

<sup>6</sup> As at 31 December 2023.

**Media Relations**

Kathleen Goh

Senior Director, Group Corporate Affairs

Tel: +65 6972 2192

[kathleen.goh@esr.com](mailto:kathleen.goh@esr.com)

**Investor Relations**

Marilyn Tan

Group Head, Investor Relations

+65 6601 9361

[marilyn.tan@esr.com](mailto:marilyn.tan@esr.com)