



SK Holdings makes US\$333 million strategic equity investment into ESR

Largest ever minority investment by SK Holdings

Significant synergies between SK and ESR to strengthen logistics presence in Asia

Seoul and Hong Kong, 1 August 2017 – SK Holdings Co., Ltd. (“SK”), one of the largest South Korean conglomerates, and ESR Cayman Limited (“ESR”), a leading pan-Asia logistics real estate developer, owner and operator, announced today that the two companies have signed definitive agreements for SK to invest KRW 374 billion (US\$333 million) for a 10% fully diluted stake in ESR. The transaction marks SK’s first investment in the logistics real estate sector and its largest ever minority investment. Upon closing, the transaction is expected to generate significant synergies between ESR and SK and will help ESR to further enhance its market leading position in the logistics real estate sector in South Korea and across the Asia-Pacific region.

Based in Seoul with 65 years of history, SK Group is one of the largest South Korean conglomerates with a specialty in oil & gas, telecommunications, semiconductor, petrochemicals and e-commerce businesses. As a responsible corporate citizen, SK is a national and global leader by taking active initiative in energy and chemicals, driving technological innovations in information, telecommunication, and semiconductor businesses, and enriching lives in the marketing and service sector including logistics and retail. Through its operations in over 30 countries, SK Group owns a sizable portfolio of warehouses, manufacturing plants, research centers and prime office properties.

Co-founded by Warburg Pincus and the senior management Stuart Gibson, Jeffrey Shen and Charles de Portes and backed by some of the world’s preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley, PGGM and Ping An, ESR is one of the largest warehousing developers, owners and managers in Asia. As of June 2017, ESR manages 8.4 million sqm of projects with US\$9.0 billion of assets under management across China, South Korea, Japan and Singapore. ESR’s customers consist of international market leaders across a broad range of industry sectors including e-commerce, retail, manufacturing and third-party logistics companies. Some of its representative tenants include JD.com, 1haodian.com, Askul, Carrefour, Daimler, and H&M. ESR also owns the trust manager of ESR-REIT, Singapore’s first independent industrial real estate investment trust with a diversified portfolio of 49 properties and a gross asset value of over S\$1.3 billion (US\$0.96 billion).

Ho Jeong Lee, VP of SK commented, “We firmly believe that ESR is well positioned as the largest pure-play Asia-focused logistics real estate platform with a best-in-class management team to become the “Prologis” of Asia. ESR’s platform is highly complementary to our broader portfolio of businesses and this investment is also consistent with SK’s growth strategy and vision to become a ‘Global Investment Holding Company’ through active investment in market leading companies across SK’s supply chain. We believe the investment in ESR will not only bring long-term sustainable return for SK but it will also provide strong support for our warehousing needs in Asia.”

The modern warehousing industry in Asia has witnessed robust development driven by the rapid growth of e-commerce and an increasing reliance on third-party logistics providers. According to JLL Research, e-commerce sales in China will represent over 50% of global e-commerce sales by 2018 and China’s online retail transaction value is expected to double from 2016 to 2020, exceeding US\$1.5 trillion. E-commerce sales in Japan (the fourth-biggest market) are set on a similar growth trajectory and estimated to double in size to JPY 25.1 trillion (US\$226.1 billion) in 2020, at an annual CAGR of

12%. In South Korea, the modern warehousing industry has been one of the fastest growing sectors between 2000 to 2015 growing threefold to reach KRW 2.3 trillion (US\$2 billion) in 2015.

Jeffrey Shen and Stuart Gibson, Co-CEOs of ESR, commented, “We are very excited to welcome SK as a shareholder and a business partner. Through its investment, we will seek to leverage SK’s strong presence in South Korea to further enhance our market leading position in the country. Additionally, we look forward to working closely with SK to help fulfill their growing warehousing needs across the region with the goal of creating long-term value for SK and its shareholders.”

About SK Holdings

As the integrated holding company of SK Group, the mission of SK Holdings is to generate synergies among its various affiliates by enhancing management efficiencies and speedy decision making. Since its formation, SK holdings has continued to improve the strength of SK Group through active investment in new growth areas, which constitute value-centered portfolios including bio/pharmaceuticals, semiconductor materials and modules, LNG, IT services, and ICT convergence.

About ESR

ESR is a leading “pure-play” pan-Asia logistics real estate platform focusing on developing and managing institutional-quality logistics facilities that cater to third-party logistics providers, e-commerce companies, bricks-and-mortar retailers, cold-chain logistics providers and industrial companies. Co-founded by Warburg Pincus and the senior management Stuart Gibson, Jeffrey Shen and Charles de Portes and backed by some of the world’s preeminent investors including APG, CPPIB, Goldman Sachs, Morgan Stanley, PGGM and Ping An, the ESR platform represents one of the largest industrial asset manager in the Asia-Pacific region managing over 8.4 million sqm of projects in operation and under development across China, South Korea, Japan, and Singapore, with funds management offices in Hong Kong and Singapore.

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