

2 August 2023

ESR closes the first Sustainability-Linked Loan in Hong Kong for a brown field data centre project with support from CLP Power

- *The HK\$1.6 billion Sustainability-Linked Loan will be used to convert a building in Kwai Chung, Hong Kong, into a new modern and sustainable Data Centre (ESR Kwai Chung Data Centre HK1)*
- *The brown field site will adopt electrification during the construction phase which will enable the construction site to be diesel-generator-free*
- *ESR Group continues to build for a sustainable future and has accessed approximately US\$4 billion in Sustainability-Linked financing to date*

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, with support from CLP Power Hong Kong Limited (“CLP Power”), has closed the first Sustainability-Linked Loan (“SLL”) in Hong Kong for a brown field data centre project.

The HK\$1.6 billion SLL will be used to fund the conversion of a building in Kwai Chung, one of the major data centre clusters in Hong Kong, into the modern and sustainable ESR Kwai Chung Data Centre HK1 which has a design IT power load of 21.3 megawatts. ESR had acquired the building in 2021 and signed a memorandum of understanding (MoU) with CLP Power in 2022 on green initiatives for future data centres and logistics centres in Hong Kong and the Greater Bay Area.

The five-year secured, committed facility has a tiered incentive mechanism where ESR will be entitled to an interest reduction when the project’s sustainability targets are achieved. ESR is targeting data centre tenants which have strong sustainability related credentials to rent the premise.

CLP Power, which is committed to enhancing customers’ energy efficiency, is providing energy audit and advisory services to ESR to formulate the Key Performance Indicators of the SLL. These include sustainable features such as a diesel-generator-free construction site and a green wall in the façade.

In support of ESR’s efforts to further strengthen its Environmental, Social and Governance (“ESG”) commitments, Crédit Agricole CIB acted as the Sole Sustainability Advisor and Coordinating Bank,

and SMBC and UOB acted as Sustainability Agents. All three lenders are also Mandated Lead Arrangers.

To date, ESR Group has closed a total of seven SLLs with approximately US\$4 billion, as it continues to integrate ESG into all aspects of its financial management, operations and development.

Stuart Gibson and Jeffrey Shen, ESR Group Co-founders and Co-CEOs, said, “We are very proud of the ESG credentials of our data centre in Hong Kong and thank Crédit Agricole CIB, SMBC and UOB for supporting it with the SLL. With the continued increase in data centre demand, our support from CLP Power also helps to bolster tenants’ environmental commitments and helps Hong Kong achieve its carbon neutrality goals.”

As Hong Kong’s largest power company, CLP Power is committed to supporting Hong Kong to achieve its decarbonisation goals. CLP Power Managing Director Joseph Law said, “This project is a significant milestone in the collaboration between CLP Power and ESR towards decarbonisation. By using a sustainability-linked loan to create a hyperscale data centre, we hope it can serve as an example to promote environmentally friendly practices and the development of green buildings. We look forward to collaborating with ESR on similar projects and exploring new opportunities in Hong Kong and across the Greater Bay Area.”

Carmen Tsang, Head of Sustainable Investment Banking for Greater China at Crédit Agricole CIB, said, “Any efforts in transitioning to a low-carbon economy within the real estate sector brings significant impact on limiting global warming to 1.5 degrees above pre-industrial levels, as the sector contributes nearly 40% of global GHG emissions. We congratulate ESR for leading the way with the launch of this innovative sustainability-linked loan – this is a fruition of the Company’s ongoing dedication in striving towards sustainable and green practices in its energy-efficient data centre.”

SMBC’s support for ESR’s first SLL for a data centre is in line with the bank’s initiative to execute a total of JPY50 trillion of finance contributing to sustainability from FY2020 to FY2029. SMBC has worked closely with ESR to establish a limited recourse structure for the financing.

Ricky Ng, Head of Wholesale Banking, UOB Hong Kong, said, “We are pleased to have played an active role in contributing to ESR’s decarbonisation journey. The world is undergoing an exponential growth in the demand for data centres, fuelled by advancements in technology and the proliferation of digitalisation. As the reliance on data centres continues to increase, it is important for us to prioritise sustainability in this sector. We hope that the success of this transaction can pave the way forward for future sustainable data centre financing as we work with our clients to build a greener and more sustainable tomorrow for all.”

ESR is committed to leveraging its strengths and resources to constantly enhance its ESG performance to create long-term value for stakeholders. In May 2023, ESR unveiled its ESG 2030

Roadmap to accelerate positive impact for a sustainable future. The Group's ESG 2030 Roadmap covers three key pillars under its ESG Framework: creating a *Human Centric* environment that is safe, supportive and inclusive for internal and external stakeholders; developing and maintaining a sustainable and efficient *Property Portfolio*; and delivering outstanding *Corporate Performance* for sustained and balanced growth with highest standards of governance. To learn more about the ESG initiatives and targets of ESR, please visit: <https://www.esr.com/environmental-social-governance/>.

About CLP Power Hong Kong Limited

CLP Power Hong Kong Limited (CLP Power) is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong, and provides a highly reliable supply of electricity and excellent customer services to more than six million people in its supply area.

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), 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 US\$46 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

Photo Caption:



Signing ceremony for sustainability-linked loan for ESR Kwai Chung Data Centre HK1. Seated (left to right): Toshiaki Yamamoto (General Manager and Chief Executive of Hong Kong Branch, Sumitomo Mitsui Banking Corporation); Allan Wang (Senior Director, Group Treasury, ESR); Marlene Lam (Managing Director, Head of Hong Kong Corporate Group, Crédit Agricole CIB); Ricky Ng (Managing Director and Head of Wholesale Banking, United Overseas Bank). Standing (left to right): Eddie Yeh (Head of Real Estate, Asia Pacific, Sumitomo Mitsui Banking Corporation); Chang Rui Hua (Managing Director, Business Management and Investment, ESR Hong Kong); Joseph Law (Managing Director, CLP Power); Jeffrey Shen (ESR Group Co-founder and Co-CEO); Kenneth Lee (Managing Director, Head of Acquisition Finance & Advisory, Leveraged & Telecom Finance Asia, Crédit Agricole CIB); Jillian Huen (Executive Director and Deputy Head of Global Funds & Financial Sponsors, United Overseas Bank).

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