

ESR Group Limited is evaluating a proposal for privatization – JCR will monitor the buy-out scheme and its financial impacts

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on ESR Group Limited's announcement that it received a non-binding conditional proposal for privatization from an investment consortium.

- (1) ESR Group Limited ("ESR") announced on May 13 that it has received a non-binding conditional proposal from an investment consortium consisting of Starwood Capital Operations. L.L.C., Sixth Street Partners, LLC, and SSW Partners LP to delist shares of other ESR shareholders by buying them in cash or exchanging them for shares in the new company (the "Proposal").
- (2) ESR has established an independent board committee to review the Proposal. They are in the early stages of consideration and it is uncertain whether they will accept the Proposal. In addition, the funding scheme of the investment consortium is not clear at this time, and its financial impact on ESR is uncertain. On the other hand, ESR is working to strengthen its financial balance by selling non-core assets in order to control its net interest-bearing debt. JCR will keep a close eye on the status of ESR's consideration of this Proposal, which will be announced monthly according to regulations. If ESR moves ahead with the proposal whereupon details are made available, JCR will assess the buy-out scheme and its financial impacts, including the effect of the asset sales, and have the outcome of the assessment reflected on the rating.

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<Reference>

Issuer: ESR Group Limited

Foreign Currency Long-term Issuer Rating: AA- Outlook: Stable

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