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NEWS RELEASE



*(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1821)*

## **ESR Announces Details of the Proposed Listing on the Main Board of SEHK**

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### **Global Offering of 653,680,000 Shares Offer Price Ranges from HK\$16.20 to HK\$17.40 Per Share**

**HONG KONG, October 21, 2019** – ESR Cayman Limited ("ESR" or "the Group"), the largest APAC focused logistics real estate platform, announced the details of its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

Of the 653,680,000 Shares set for Global Offering, approximately 94.7% will be for International Placing and the remaining approximately 5.3% are for Hong Kong Public Offer. The indicative offer price range is between HK\$16.20 and HK\$17.40 per Offer Share<sup>[1]</sup>. Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and the Offer Price is HK\$16.80 per Offer Share (being the mid-point of the price range), the gross proceeds from the Global Offering are estimated to be approximately HK\$10,981.8 million.

The Hong Kong Public Offer begins on October 22, 2019 (Tuesday) and ends at 12 noon on October 25, 2019 (Friday). The final Offer Price and allotment results will be announced on October 31, 2019 (Thursday). Dealing of Shares will commence on the Main Board of SEHK on November 1, 2019 (Friday) under the stock code 1821. Shares will be traded in board lots of 200 shares each.

Morgan Stanley Asia Limited, Deutsche Bank AG, Hong Kong Branch, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited and Goldman Sachs (Asia) L.L.C are the Joint Global Coordinators of the proposed listing of ESR. Deutsche Securities Asia Limited and CLSA Capital Markets Limited are the Joint Sponsors of the proposed listing of ESR.

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<sup>1</sup> Subject to a Downward Offer Price Adjustment: If the Offer Price is set at 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$14.58 per Offer Share

### **Cornerstone Investor OMERS Invests 9% of Enlarged Issued Share Capital**

ESR entered into a cornerstone investment agreement with OMERS Administration Corporation (“OMERS”) as cornerstone investor (the “Cornerstone Investor”), pursuant to which the Cornerstone Investor has agreed to subscribe for, at the Offer Price, such number of Offer Shares which upon completion of the Global Offering will represent 9% of the Group’s share capital (regardless of whether the Offer Size Adjustment Option and/or the Over-allotment Option are exercised), rounded down to the nearest whole board lot (the “Cornerstone Placing”). Assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and the Offer Price is HK\$16.80 per Offer Share (being the mid-point of the price range), the subscription amount of the Cornerstone Placing will be HK\$4,591.3 million.

Founded in 1962, OMERS is one of Canada’s largest defined benefit pension plans, with more than C\$97 billion in net assets as at December 31, 2018. A jointly-sponsored pension plan, with approximately 1,000 participating employers, OMERS invests and administers pensions on behalf of almost half a million active and retired members. OMERS has employees in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe, originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.

The Cornerstone Placing is part of OMERS strategy to continue investing in a growing region that offers opportunities across the asset classes where it is active. ESR hopes that the investment of the Cornerstone Investor will be the start of a larger collaboration with OMERS and its affiliates. The Group believes that the commitment of the Cornerstone Investor to the Cornerstone Placing will demonstrate to potential investors confidence in ESR’s business and prospects from leading international investors.

### **ESR - A Fully Integrated Developer Led Fund Management Model**

ESR is the largest APAC focused logistics real estate platform<sup>[2]</sup> (by GFA and by value of assets owned directly and by the funds and investment vehicles it manages) with operations in the PRC, Japan, South Korea, Singapore, Australia and India. ESR attained leading positions in its key markets; it is the largest e-commerce landlord in the PRC<sup>[3]</sup>; its portfolio of logistics properties is the second largest in Greater Shanghai, Greater Beijing and Greater Guangzhou<sup>[4]</sup>; it has the largest development pipeline in the Greater Tokyo and Greater Osaka regions<sup>[5]</sup> and is the largest owner of logistics stock in the Seoul Metropolitan Area<sup>[6]</sup>.

ESR holds a portfolio of logistics properties on its balance sheet and manages a broad range of funds and investment vehicles that invest in a portfolio of logistics properties in various stages of the property life cycle across APAC. As of June 30, 2019, ESR managed 30 private third-party pooled investment vehicles and two REITs listed on the SGX-ST. As of June 30, 2019, the GFA of projects owned and under development by ESR was over 15.3 million sq.m; its AUM increased from US\$7.4 billion as of December 31, 2016 to approximately US\$20.2 billion as of June 30, 2019.

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<sup>2</sup> Source: JLL market report

<sup>3</sup> Source: Half year and 2<sup>nd</sup> quarter FY2018 presentation (GLP), ESR, in terms of proportion of total area occupied in China in comparison to GLP as of September 2017 when GLP was privatized

<sup>4</sup> Source: JLL market report, as measured by GFA and development pipeline from July 1, 2019 to December 31, 2020

<sup>5</sup> Source: JLL market report, as measured by GFA from October 1, 2019 to December 31, 2020

<sup>6</sup> Source: JLL market report, as measured by GFA and have the largest development pipeline from January 1, 2019 to December 31, 2020

The Group has grown significantly during the Track Record Period through organic growth and strategic M&A. It has an integrated fund management platform that facilitates AUM growth and generates multiple sources of income (including base management fees, development fees, asset management fees, land acquisition fees and leasing fees). Revenue grew from US\$96.7 million for the year ended December 31, 2016 to US\$254.1 million for the year ended December 31, 2018; and it grew by 66.3% from US\$93.7 million for the six months ended June 30, 2018 to US\$155.8 million for the six months ended June 30, 2019, driven by robust growth in ESR's Fund AUM. Net profit grew from US\$104.8 million in 2016 to US\$212.9 million in 2018; and it grew by 32.0% from US\$63.7 million for the six months ended June 30, 2018 to US\$84.1 million for the six months ended June 30, 2019.

ESR leases the logistics facilities to a broad range of large and mid-sized, multinational and domestic tenants. It is a key partner for high-quality tenants that operate in sectors well positioned to benefit from economic trends in APAC, in particular, e-commerce companies and 3PL providers. With its network of modern logistics facilities, the Group has supported the business expansion of its high quality tenants.

### **ESR Taps on the Largest Secular Growth Opportunity in APAC**

The Group focuses solely on APAC, which comprised over 33% of the global GDP in 2018. ESR's key markets represent close to 90% of GDP in APAC in 2018. Real GDP per capita of APAC is forecast to expand at a 2018-23 CAGR of 3.8%, primarily led by growth in China and India<sup>[7]</sup>. Besides, APAC accounted for 42.9% of the global e-commerce logistics market in 2018. By 2023, APAC is expected to contribute to one half (49.7%) of the global market by revenue. Revenue of APAC's e-commerce logistics market is projected to grow at 15.1% CAGR from 2018 to 2023 to reach approximately US\$250 billion<sup>[8]</sup>.

Growth in number of middle class households and disposable income and consumption levels are key factors driving logistics market growth. Economic growth, consumption and retail spending, and e-commerce all underpin growth in the logistics sector and thus demand for logistics real estate. In addition, logistics real estate space per capita is lower across APAC, almost one-seventh of the per capita space in the US<sup>[9]</sup>. All in all, APAC region has significant growth potential.

### **Growth Strategies**

Moving forward, ESR intends to continue to execute its integrated strategy and capitalize on the significant market opportunities across APAC. It intends to leverage its scale and geographic presence to expand into new growth markets in APAC to deepen its regional connectivity. Additionally, the Group intends to expand its fund management platform across geographies, strategies and liquidity profiles and attract new capital partners while bringing existing capital partners across markets. Last but not the least, it intends to strategically explore and expand into adjacent businesses and investment products within the region.

**Jeffrey Shen and Stuart Gibson, co-founders and Co-CEOs of ESR**, said, "Our asset light business model in a traditionally asset heavy sector, coupled with our best-in-class management team in each market and synergistic network of the blue-chip partners across the region, enables us to build a highly scalable business and achieve strong growth and returns. We are pleased that our cornerstone investor

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<sup>7</sup> Source: Oxford Economics

<sup>8</sup> Source: Transport Intelligence

<sup>9</sup> Source: JLL market report

recognizes our unique and differentiated business model. With their support and our robust expansion plan, we hope to capitalize on the burgeoning market opportunities across APAC to further cement our leading position in the region.”

### **About ESR**

ESR is the largest Asia-Pacific focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages<sup>[10]</sup>. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world’s preeminent investors including APG, SK Holdings, JD.com, Goldman Sachs, CPPIB, Ping An and Allianz Real Estate. The ESR platform spans across the People’s Republic of China, Japan, South Korea, Singapore, Australia and India. As of June 30, 2019, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$20.2 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development added up to over 15.3 million sq.m of GFA in total.

### **Investor Relations**

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<sup>10</sup> Source: JLL market report