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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 560,700,000 Shares Offer Price Ranges from HK\$16.20 to HK\$17.40 Per Share**

**HONG KONG, June 5, 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").

#### **Offering Details**

Of the 560,700,000 Shares set for Global Offering, approximately 94.4% will be for International Placing and the remaining approximately 5.6% are for Hong Kong Public Offer. The indicative offer price range is between HK\$16.20 and HK\$17.40 per Offer Share (Subject to a Downward Offer Price Adjustment<sup>[1]</sup>). Assuming the Over-allotment Option is not exercised and the Offer Price is HK\$16.80 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$16.20 and HK\$17.40 per Offer Share), the net proceeds from the Global Offering are estimated to be approximately HK\$9,120 million.

The Hong Kong Public Offer begins on June 6, 2019 (Thursday) and ends at 12 noon on June 12, 2019 (Wednesday). The final Offer Price and allotment results will be announced on June 19, 2019 (Wednesday). Dealing of Shares will commence on the Main Board of SEHK on June 20, 2019 (Thursday) under the stock code 1821. Shares will be traded in board lots of 200 shares each.

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<sup>1</sup> 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

Deutsche Securities Asia Limited and CLSA Capital Markets Limited are the Joint Sponsors of the proposed listing of ESR. Deutsche Bank AG, Hong Kong Branch, CLSA Limited, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited, DBS Asia Capital Limited and Goldman Sachs (Asia) L.L.C. are the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers of the proposed listing of ESR. BNP Paribas Securities (Asia) Limited, China International Capital Corporation Hong Kong Securities Limited, Crédit Agricole Corporate and Investment Bank, Hong Kong branch, Mirae Asset Securities (HK) Limited and UOB Kay Hian (Hong Kong) Limited are the Joint Bookrunners and Joint Lead Managers of the proposed listing of ESR.

### **ESR – #1 APAC Focused Logistics Real Estate Platform with Top Positions in its Respective Markets**

Co-founded by its senior management team and Warburg Pincus, 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, for example, 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. It currently manages 18 private third-party pooled investment vehicles and one REIT listed on the SGX-ST. As at December 31, 2018, the GFA of projects owned and under development by ESR was over 12 million sq. m; its AUM increased from US\$7.4 billion as of December 31, 2016 to approximately US\$16 billion as of December 31, 2018. With the Group's APAC-focused business model, it has grown significantly during the Track Record Period through organic growth and strategic M&A. The Group 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, driven by robust growth in ESR's Fund AUM. Net profit grew from US\$105.0 million in 2016 to US\$213.1 million in 2018.

The Group is led by an experienced management team with a global track record. The management team possesses deep competencies and experience in various aspects of the logistics real estate industry and management experience in multiple geographies. In addition, it is backed by reputable shareholders, including Warburg Pincus, JD.com and SK. It is also supported by a well-diversified, blue-chip institutional capital partner base, including APG Group, CPPIB, Ping An and Allianz Real Estate. Many of them are long-term investors with capital commitments in more than one of ESR's investment vehicles, and some of them invest in the Group's funds in more than one jurisdiction.

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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 April 1, 2019 to December 31, 2020

<sup>5</sup> Source: JLL market report, as measured by GFA from January 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

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. For example, ESR is the largest e-commerce landlord in the PRC<sup>[3]</sup>, its leading e-commerce tenants include Cainiao (a member of Alibaba Group), JD.com and Amazon. 16 of its existing tenants lease multiple locations from ESR across APAC. The Group's value proposition to its tenants has resulted in an occupancy rate of approximately 94% for stabilized properties in the Portfolio Assets as of December 31, 2018. Further, the Group's network of high quality tenants underpins its ability to lease any vacancies.

### **APAC: The Fastest Growing Region Globally**

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. APAC has been leading global economic growth over the past 15 years and it is expected that the trend will continue in the coming few years. 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, nearly one-third larger than the North American share of 32.3% and nearly double that of Europe at 21.3%. By 2023, APAC is expected to account for one half (49.7%) of the global market. Revenue of APAC's e-commerce logistics market is expected 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. Macro-trends at the global and regional levels are important to the development of the logistics sector. Economic growth, consumption and retail spending, and e-commerce all underpin growth in the logistics sector and thus demand for logistics real estate. A positive demographic profile, rising household income, urbanization, and technological changes have all allowed APAC to be the fastest growing globally. 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 still has significant growth potential.

### **Growth Strategies**

Modern logistics space in APAC as a proportion of total logistics space is relatively low compared to the US and yet, demand is on an upward trend. Moving forward, ESR intends to capture the enormous growth by a number of growth strategies. Firstly, ESR will continue to execute its integrated strategy and capitalize on the significant market opportunities across APAC. Secondly, it will leverage its scale and geographic presence to expand into new growth markets to deepen its regional connectivity. Thirdly, the Group will 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 will strategically explore and expand into adjacent businesses and investment products within Asia.

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

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

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

Jeffrey Shen and Stuart Gibson, co-founders and Co-CEOs of ESR, said, “The listing of ESR on the Main Board of the Hong Kong Stock Exchange will signify another important milestone in the Group’s development. With our APAC focused strategy, we are confident that ESR will maintain its market-leading position. ESR has the largest development pipeline in aggregate across the major APAC markets<sup>[10]</sup>. With the increasing demand for modern warehouse facilities in the region, we are well-positioned to capitalize on this growth with strong on-the-ground execution and tenant sourcing capabilities. We aim to provide investor with exposure to a dynamic sector in the fast-growing APAC 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>[11]</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, CLSA, 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 31 December 2018, 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\$16 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development stood at 12 million sq. m in total.

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<sup>10</sup> Source: JLL market report, as measured by GFA from April 1, 2019 to December 31, 2020

<sup>11</sup> Source: JLL market report