

ESR delivers stellar growth with EBITDA and Net Profit up 42.9% and 20.8% to US\$549.1 million and US\$245.2 million, respectively

- Revenue up 40.6% to US\$357.4 million
- Strong balance sheet with US\$884.2 million of cash and net debt / total assets of 26.6%
- AUM grew by 38.7% to US\$22.1 billion, further cementing ESR's position as APAC's largest logistics real estate platform
- GFA increased by 42.8% to 17.2 million sqm

HONG KONG, 23 March 2020 – ESR Cayman Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), the largest APAC focused logistics real estate platform, today announced its results for the financial year ended 31 December 2019 (“FY2019”).

The Group recorded strong revenue of US\$357.4 million in FY2019, up 40.6% from US\$254.1 million in FY2018. Net Profitⁱ was US\$245.2 million, representing 20.8% growth from US\$203.0 million in FY2018. Core PATMI was US\$226.7 million, representing a 53.6% increase from US\$147.6 million in FY2018. EBITDA achieved a record US\$549.1 million, up 42.9% from US\$384.2 million in FY2018. Adjusted EBITDA increased by 49.8% to US\$358.9 million in FY2019, compared with US\$239.6 million in FY2018.

	FY2019 (US\$ '000)	FY2018 (US\$ '000)	Year-on-Year Change (%)
Revenue	357,369	254,148	40.6
Net Profitⁱ	245,177	203,042	20.8
Core PATMIⁱⁱ	226,723	147,619	53.6
EBITDA	549,091	384,212	42.9
Adjusted EBITDAⁱⁱⁱ	358,933	239,586	49.8

Notes

- Profit After Tax and Minority Interest (PATMI)
- Excludes fair value on completed investment properties, equity-settled share option expense, listing expenses and tax effects of adjustments
- Adjusted EBITDA is calculated as profit before tax, adding back depreciation and amortisation, exchange loss/(gain), finance costs, equity-settled share option expense, write-off related to loss of property, plant and equipment and the listing expenses, and eliminating the effect of interest income, one-off insurance compensation and fair value gains on completed investment properties and investment properties under construction

Jeffrey Perlman, Non-executive Chairman of ESR, said, “2019 was a transformational year for ESR. The Group successfully completed a US\$1.8 billion¹ IPO, delivered record EBITDA and Net Profit and further cemented its market leading position with over US\$22.1 billion of AUM in Asia Pacific. Despite a challenging geopolitical environment, the Group was able to deliver strong growth across its three key pillars – investments, fund management and development while also expanding deeper into its six markets. ESR is well-positioned to capitalise on the strongest secular trends in Asia including the continued growth of e-commerce, the significant shift in capital flows to the region and the superior risk/reward proposition for logistics which is leading to higher capital values. Our asset-light, client-

¹ Including overallotment option

centric and e-commerce focused approach is and will continue to be the core competitive advantage of the Group and we look forward to continuing to deliver sustainable growth and results for our shareholders, capital partners and customers.”

In November 2019, ESR successfully listed on the Stock Exchange of Hong Kong and raised new capital of US\$0.6 billion from a US\$1.8 billion IPO, which was cornerstoned by OMERS Administration Corporation and anchored by other leading global investors.

Rapid growth across all business segments

The Group’s investment segment result increased by 9.6% to US\$256.1 million, which was primarily attributable to the increases in rental income, changes in fair value of financial assets and liabilities at fair value through profit or loss as well as dividend income.

The fund management segment result grew by 20.3% to US\$131.8 million, which was mainly attributable to the increase in fund management revenues driven by the strong recurring income base from the Group’s funds under management.

The development segment result soared more than 100% to US\$244.8 million.

Robust platform expansion

ESR’s platform expansion has been fueled by the strong momentum for both organic growth and M&A activities.

In March 2019, ESR completed the privatisation of Propertylink. The Propertylink acquisition both strengthened the Group’s local fund management capabilities, and instantly scaled up its platform to make ESR a major player in Australia.

The Group also continued to make further investments into the Singapore industrial REIT market with investments into Sabana REIT and AIMS APAC REIT.

Integrated funds management platform

The Group made an impressive leap in asset under management (“AUM”), which grew 38.7% to US\$22.1 billion. Its strong capital raising capability has been demonstrated in the closings of a range of funds and vehicles, including its second core fund in China with a portfolio of seven assets with an aggregate gross asset value of approximately US\$276.7 million in partnership with New China Life Insurance, its third development fund in Japan, RJLF3, with equity commitments of up to US\$1.8 billion and two funds in Australia: the AUD175 million ESR Australia Logistics Trust (EALT) and the AUD138 million ESR Office Partnership IV (EOP IV).

Industry leading portfolio and development pipeline

The Group’s portfolio of best-in-class modern facilities produced strong rental growth and maintained a high portfolio occupancy of 93% for stabilised assets on its balance sheet (with strong leasing momentum of 2 million sqm leased across the portfolio). Leasing activities continued to be strong, especially from e-commerce and 3PL customers who make up approximately 60% of its tenants.

As of 31 December 2019, the Group's gross floor area ("GFA") grew by 42.8% to 17.2 million sqm, mainly in its three core markets of China, Japan and South Korea where ESR has the largest development pipelines².

Building a sustainable future

As a leading player in the industry, ESR is committed to building environmentally friendly facilities, integrating sustainability elements into its facilities' operations, and creating a human-centric environment for its tenants and employees.

In South Korea, for example, ESR's flagship Bucheon Logistics Park won APAC's first WELL Gold Certification for its outstanding achievement in creating a work environment based on promoting health and wellness. A growing number of other ESR developments have also won recognition by global standards such as the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) and the Leadership in Energy and Environmental Design (LEED).

COVID-19

The Group has been closely monitoring the COVID-19 situation. The well-being and safety of its stakeholders including ESR employees, tenants and capital partners are of utmost importance to the Group. As such, appropriate measures have been undertaken across the Group.

To date, there has been minimal disruption caused by COVID-19 to the Group's development and operating projects. Of the 43 construction projects (in both balance sheet and funds), only 2 are waiting for the local government's permission to resume work. The rest of the construction projects remain on schedule. For the operating projects, only 2 out of 157 operating projects (in both balance sheet and funds) are temporarily shut. The rest of the operating projects are unaffected and remain open.

Despite the uncertain global environment, the Group's balance sheet and liquidity continue to be strong. ESR's balance sheet remains well-capitalised and the Group had US\$884.2 million of cash and a net debt to total assets ratio of 26.6% as of 31 December 2019. Additionally, recent financing activities have also demonstrated the Group's ability to materially reduce its cost of borrowing post IPO with the strong support from international banks and investors.

The Group remains mindful of the evolving environment and continues to monitor current global events and potential further market disruptions. It will remain prudent in its approach in managing its balance sheet over the rest of the year. In the near term, the Group does not expect significant impact from COVID-19 on its operations. The Group will continue to evaluate attractive investment opportunities during this period of dislocation with the opportunity to tap into its strong balance sheet in a capital constrained environment for many of its peers.

Outlook – 2020 and beyond

Asia Pacific's logistics sector is expected to continue to be supported by urbanisation and population growth, accelerating trends towards online retailing and scarcity of existing investment grade warehousing stock. The rise of Asia's middle class is expected to be a dominant economic theme in the upcoming decade while private consumption in ESR's six markets is forecast to grow at a CAGR of

² ESR has the largest pipeline in China's Greater Shanghai, Greater Beijing and Greater Guangzhou from 2020 to 2021; in Japan's Greater Tokyo and Greater Osaka regions from 2019 to 2020; in South Korea's Seoul Metropolitan Area from 2019 to 2020

8.1% from 2019 to 2023. The structural shift to e-commerce will continue to be the main tailwind propelling the logistics sector in 2020³ as penetration rates across Asia continue to grow. The total cross-border e-commerce sales in Asia Pacific are expected to rise from US\$181.4 billion in 2018 to US\$389.5 billion in 2023⁴, representing a CAGR of 16.5%.

Looking ahead, the Group will continue to maintain its leadership position in its six markets with a development pipeline of over 14 million sqm across its portfolio as at 31 December 2019. The Group will continue to leverage on third party capital to fund development starts and exercise a disciplined approach to meet its targeted development completions slated for 2020 and beyond.

ESR aims to further expand its fund management platform across geographies and risk/return products to attract new capital partners while at the same time enhancing collaboration with existing partners in new geographies. Leveraging its scale and geographic presence, it will also identify and develop opportunities in new growth markets while improving regional connectivity.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, said, “ESR’s APAC focused strategy will continue to deliver what may be the global industry’s best opportunities for growth. Our platform scale, business model, expertise and insights across Asia position us well to ride numerous favourable trends over the long term. We will remain focused on the Group’s growth in sustainable AUM and we are committed to providing *Space and Solutions for the Future*. We will also prudently monitor current global events, continue to explore growth opportunities in different geographies and consolidate our leading position while offering long term sustainable value to our stakeholders.”

About ESR

ESR is the largest APAC 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. 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, OMERS, PGGM, 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 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\$22.1 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 17.2 million sqm in total. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

For more information on ESR, please visit www.esr.com.

Investor Relations

Chang Rui Hua
Managing Director
Group Capital Markets and Investor Relations
+852 2376 9623 / +852 5506 7719
rh.chang@esr.com

Media

Antonia Au
Executive Director
Group Corporate Communications
+852 2376 9617
antonia.au@esr.com

³ CBRE Research, *Asia Pacific, Real Estate Market Outlook 2020*

⁴ Forrester Analytics: *Online Cross-Border Retail Forecast, 2018 to 2023 (Global)*, April 2019