IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the supplemental offering circular following this page (the "**Supplemental Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE SUPPLEMENTAL OFFERING CIRCULAR.

Confirmation of your Representation: This Supplemental Offering Circular is being sent at your request and by accepting the e-mail and accessing this Supplemental Offering Circular, you shall be deemed to have represented to us (1) that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) that you consent to delivery of such Supplemental Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that this Supplemental Offering Circular has been delivered to you on the basis that you are a person into whose possession this Supplemental Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Supplemental Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in this Supplemental Offering Circular.

The materials relating to the offering of securities to which this Supplemental Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Supplemental Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Credit Suisse (Singapore) Limited, DBS Bank Ltd. and United Overseas Bank Limited (the "**Joint Global Coordinators and Joint Bookrunners**"), any person who controls any of them, or any director, officer, employee, adviser or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Global Coordinators and Joint Bookrunners.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Supplemental Offering Circular dated 23 February 2021

ESR CAYMAN LIMITED

(Incorporated with limited liability in the Cayman Islands)
(Company Registration Number: 257877)
(HKEX Stock Code: 1821)

Issue of S$200,000,000 Perpetual Resettable Step-up Subordinated Securities

under its

U.S.$2,000,000,000
Multicurrency Debt Issuance Programme

Issue price: 100%

This Supplemental Offering Circular (the "**Supplemental Offering Circular**") is supplemental to the Offering Circular dated 12 May 2017 (the "**Offering Circular**") and is prepared in connection with the issue of S$200,000,000 Perpetual Resettable Step-up Subordinated Securities (the "**Perpetual Securities**") by ESR Cayman Limited (the "**Issuer**") under its U.S.$2,000,000,000 Multicurrency Debt Issuance Programme (the "**Programme**"). This Supplemental Offering Circular is supplemental to, forms part of and should be read in conjunction with, the Offering Circular. Terms defined in the Offering Circular have the same meaning when used in this Supplemental Offering Circular.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Perpetual Securities on the Official List of the SGX-ST. Admission to the Official List of the SGX-ST and listing of the Perpetual Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group (as defined below) or the Perpetual Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Supplemental Offering Circular.

The Perpetual Securities will be issued in registered form in the denomination of S$250,000. The Perpetual Securities will initially be represented by a registered global certificate (the "Global Certificate") without interest coupons, which will be registered in the name of The Central Depository (Pte) Limited ("**CDP**") on or about the issue date. The provisions governing the exchange of interests in the Global Certificate for Perpetual Securities in definitive form (the "**definitive Perpetual Securities**") are described in "*Summary of Provisions Relating to the Securities while in Global Form*" of the Offering Circular.

The Perpetual Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, the Perpetual Securities may not be offered or sold within the United States. The Perpetual Securities are subject to certain restrictions on transfer, see "*Subscription and Sale*" of the Offering Circular, as supplemented by this Supplemental Offering Circular.

The sections entitled "*Risk Factors*", "*Description of the Company*", "*Subscription and Sale*" and "*General Information*" of the Offering Circular have been replaced, amended and/or supplemented with the information in this Supplemental Offering Circular.

With effect from the date of this Supplemental Offering Circular, the information appearing in the Offering Circular shall be replaced, amended and/or supplemented by the inclusion of the information set out below in respect of the issuance of the Perpetual Securities.

Investing in the Perpetual Securities involves certain risks. Prospective investors should have regard, *inter alia*, to the factors described under the section headed "*Risk Factors*" in the Offering Circular, as supplemented by this Supplemental Offering Circular.

Joint Global Coordinators and Joint Bookrunners

Credit Suisse **DBS Bank Ltd.** **UOB**

NOTICE TO INVESTORS

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA — In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A of the SFA) of the classification of the Perpetual Securities as "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97(as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Perpetual Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Issuer accepts responsibility for the information contained in this Supplemental Offering Circular. The Issuer, having made all reasonable enquiries, confirms that (i) this Supplemental Offering Circular (to be read in conjunction with the Offering Circular) contains all information with regard to the Issuer and any subsidiaries of the Issuer taken as a whole (together, the "**Group**") which is material in the context of the Programme and the issue and offering of the Perpetual Securities, (ii) the statements contained in this Supplemental Offering Circular relating to the Issuer and the Group are in every material particular true and accurate and not misleading, (iii) the opinions, expectations and intentions expressed in this Supplemental Offering Circular with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Group or the Perpetual Securities the omission of which would make any statement in this Supplemental Offering Circular (to be read in conjunction with the Offering Circular to the extent that the Offering Circular is not supplemented or restated) misleading in any material respect, and (v) all reasonable enquiries have

been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Supplemental Offering Circular.

This Supplemental Offering Circular is to be read in conjunction with the Offering Circular and the pricing supplement dated 23 February 2021 (the "**Pricing Supplement**").

This Supplemental Offering Circular, the Offering Circular and the Pricing Supplement have been prepared by the Issuer for use in connection with the offer and sale of the Perpetual Securities outside the United States. The Issuer and the Joint Global Coordinators and Joint Bookrunners reserve the right to reject any offer to purchase the Perpetual Securities, in whole or in part, for any reason. This Supplemental Offering Circular, the Offering Circular and the Pricing Supplement do not constitute an offer to any person in the United States. Distribution of this Supplemental Offering Circular, the Offering Circular and the Pricing Supplement to any person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, is prohibited.

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Offering Circular, the Offering Circular and the Pricing Supplement in connection with the issue or sale of the Perpetual Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Joint Global Coordinators and Joint Bookrunners, DB International Trust (Singapore) Limited as trustee (the "**Trustee**") or any of the Agents.

Save as expressly stated in this Supplemental Offering Circular or in the Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or the Group. Neither the delivery of this Supplemental Offering Circular (including the Pricing Supplement herein or any part thereof) or the Offering Circular nor any sale, offering or purchase made in connection herewith shall, under any circumstances, create any implication that there has been no change in the prospects, results of operation or general affairs of the Issuer or the Group since the date hereof or the date upon which this Supplemental Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Supplemental Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution and publication of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any such other document or information and the offering or sale of the Perpetual Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any such other document or information or into whose possession this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any such other document or information comes are required by the Issuer and the Joint Global Coordinators and Joint Bookrunners to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. In particular, there are restrictions on the distribution of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement and the offer or sale of Perpetual Securities in the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, the PRC and the Cayman Islands (see "*Subscription and Sale*" of the Offering Circular, as supplemented by "*Subscription and Sale*" of this Supplemental Offering Circular).

THE PERPETUAL SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE PERPETUAL SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. THE PERPETUAL SECURITIES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF PERPETUAL SECURITIES AND DISTRIBUTION OF THIS SUPPLEMENTAL OFFERING CIRCULAR AND THE OFFERING CIRCULAR, SEE "*SUBSCRIPTION AND SALE*" OF THE OFFERING CIRCULAR, AS SUPPLEMENTED BY "*SUBSCRIPTION AND SALE*" OF THIS SUPPLEMENTAL OFFERING CIRCULAR. THE ATTENTION OF RECIPIENTS OF THIS SUPPLEMENTAL OFFERING CIRCULAR IS DRAWN TO THE RESTRICTIONS ON RESALE OF THE PERPETUAL SECURITIES SET OUT UNDER THE SECTION "*SUBSCRIPTION AND SALE*" OF THE OFFERING CIRCULAR, AS SUPPLEMENTED BY "*SUBSCRIPTION AND SALE*" OF THIS SUPPLEMENTAL OFFERING CIRCULAR.

THE PERPETUAL SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF PERPETUAL SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THIS SUPPLEMENTAL OFFERING CIRCULAR, THE OFFERING CIRCULAR OR THE PRICING SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Cayman Islands Data Protection

Under the Cayman Islands Data Protection Law, 2017 and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the "**Data Protection Legislation**"), individual data subjects have rights and the Issuer as data controller has obligations with respect to the processing of personal data by the Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Issuer could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Issuer in order for an investment in the Perpetual Securities to continue or to enable the Perpetual Securities to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Perpetual Securities or to redeem the Perpetual Securities.

The Issuer has published a privacy notice (the "**Data Privacy Notice**"), which provides prospective investors with information on the Issuer's use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the "General Information" section of this Supplemental Offering Circular.

This Supplemental Offering Circular, the Pricing Supplement and/or any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme and/or the offer and sale of the Perpetual Securities shall not be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer and the Joint Global Coordinators and Joint Bookrunners to subscribe for, or purchase, any Perpetual Securities.

Any person(s) who is invited to purchase or subscribe for the Perpetual Securities or to whom this Supplemental Offering Circular, the Offering Circular and/or the Pricing Supplement is sent shall not

make any offer or sale, directly or indirectly, of any Perpetual Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

This Supplemental Offering Circular the Offering Circular, the Pricing Supplement and any such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**") and may not be relied upon by any person other than persons to whom the Perpetual Securities are sold or with whom they are placed by the Joint Global Coordinators and Joint Bookrunners as aforesaid or for any other purpose. Recipients of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement shall not reissue, circulate or distribute this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any part thereof in any manner whatsoever.

None of the Joint Global Coordinators and Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, is making any representation or warranty expressed or implied as to the merits of the Perpetual Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or the Group. Further, none of the Joint Global Coordinators and Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, makes any representation or warranty as to the Issuer or the Group or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA).

To the fullest extent permitted by law, none of the Joint Global Coordinators and Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, accepts any responsibility for the contents of this Supplemental Offering Circular or for any other statement made or purported to be made by the Joint Global Coordinators and Joint Bookrunners, the Trustee or the Agents or on their behalf in connection with the Issuer, the Group, the Programme or the issue and offering of the Perpetual Securities. Each of the Joint Global Coordinators and Joint Bookrunners, the Trustee and each Agent and each person who controls any of them, and each of their respective officers, employees, advisers and agents, and each affiliate of any such person, accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplemental Offering Circular or any such statement.

Neither this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement nor any other document or information (or any part thereof) delivered and supplied under or in relation to the Programme or the Perpetual Securities is intended to provide the basis of any credit or other evaluation of the Issuer or the Group and should not be considered as a recommendation by any of the Issuer, the Joint Global Coordinators and Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, that any recipient of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any other financial statements should purchase the Perpetual Securities. Each potential purchaser of Perpetual Securities shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and the Group, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and the Group.

Accordingly, notwithstanding anything herein, none of the Joint Global Coordinators and Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, shall be held responsible for any loss or damage suffered or incurred by the recipients of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Perpetual Securities by a recipient of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof). None of the Joint Global Coordinators and Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement nor to advise any investor or potential investor in the Perpetual Securities any information coming to the attention of any of the Joint Global Coordinators and Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person.

Any purchase or acquisition of the Perpetual Securities is in all respects conditional on the satisfaction of certain conditions set out in the Dealer Agreement and the Subscription Agreement and the issue of the Perpetual Securities by the Issuer pursuant to the Dealer Agreement and the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Perpetual Securities or pursuant to this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement shall (without any liability or responsibility) on the part of the Issuer and the Joint Global Coordinators and Joint Bookrunners) lapse and cease to have any effect if (for any other reason whatsoever) the Perpetual Securities are not issued by the Issuer pursuant to the Dealer Agreement and/or the Subscription Agreement.

This Supplemental Offering Circular, the Offering Circular, the Pricing Supplement do not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in the Perpetual Securities. The risks and investment considerations identified in this Supplemental Offering Circular, the Offering Circular and the Pricing Supplement are provided as general information only.

Investors should consult their own financial, tax, accounting and legal advisers as to the risks and investment considerations arising from an investment in the Perpetual Securities and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

ROUNDING OF AMOUNTS

Certain monetary amounts and percentages in this Supplemental Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

INDUSTRY AND MARKET DATA

Market data, certain information and certain industry forecasts used throughout this Supplemental Offering Circular have been obtained from internal surveys, market research, publicly available

information (including external websites) and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Global Coordinators and Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person makes any representation as to the accuracy of that information.

CERTAIN DEFINED TERMS AND CONDITIONS

In this Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, all references in this Supplemental Offering Circular to "**U.S. dollars**" or "**US$**" are to United States dollars; all references to "**Euro**" or "**€**" are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time; all references to "**Singapore dollars**" or "**S$**" are to the lawful currency for the time being of Singapore; all references to "**Australian dollars**", "**A$**" or "**AUD**" are to the lawful currency for the time being of Australia; all references to "**JPY**" or "**Japanese Yen**" are to the lawful currency for the time being of Japan; all references to "**Korean won**" or "**KRW**" are to the lawful currency for the time being of South Korea; all references to "**India rupees**" or "**INR**" are to the lawful currency for the time being of India; all references to "**HK dollars**" or "**HK$**" are to Hong Kong dollars; and all references to "**RMB**" or "**Renminbi**" are to Renminbi, the official currency of the PRC. All references to the "**PRC**" or "**China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan).

References in this Supplemental Offering Circular to accounting periods are based on the Issuer's fiscal year, which ends on 31 December.

We record and publish our financial statements in U.S. dollars. Solely for convenience purposes, this Supplemental Offering Circular includes translations among certain amounts denominated in Australian dollars, Hong Kong dollars, Japanese Yen, Korean won, India rupees, Renminbi, Singapore dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated, or at all. Unless otherwise indicated, the translations of certain Australian dollars, Euros, Hong Kong dollars, Japanese Yen, Korean won, India rupees, Renminbi, Singapore dollars into U.S. dollars were made at the rates of AUD1.4507, EUR0.8899, HK$7.7501, JPY107.7700, KRW1200.5000, INR75.5300, RMB7.0651, S$1.3942 to US$1.00, respectively, each being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on 30 June 2020. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

In this Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, "**we**", "**our**", "**ourselves**", "**us**", the "**Company**" or the "**Issuer**" refers to ESR Cayman Limited. In this Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, the "**Group**", "**our Group**" or "**the Group**" refers to ESR Cayman Limited and its subsidiaries, or where the context so requires, in respect of the period before it became the holding company of its present subsidiaries, the subsidiaries as if they were the subsidiaries of ESR Cayman Limited at the time.

References in this Supplemental Offering Circular to the "**United States**" are to the United States of America, references to the "**PRC**" are to the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, and references to "**Greater China**" are to the People's Republic of China, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

Unless otherwise specified in this Supplemental Offering Circular, references to "**Conditions**" are to the Terms and Conditions of the Perpetual Securities, as supplemented by the Pricing Supplement.

FORWARD-LOOKING STATEMENTS

This Supplemental Offering Circular includes forward-looking statements regarding, amongst other things, the Group's business, results of operations, financial conditions, cash flow, future expansion plans and business strategy. These forward-looking statements can be identified by the use of forward-looking terminology, including the words and terms "believe", "expect", "plan", "anticipate", "intend", "aim", "project", "seek", "should", "will", "would", "could", "schedule", "estimate" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Supplemental Offering Circular and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospectus, growth, strategies and the industries in which the Group operate.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of the Group's future performance and their actual results of operations, financial condition and liquidity, and the development of the industries in which they operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Supplemental Offering Circular. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industries in which the Group operate are consistent with the forward-looking statements contained in this Supplemental Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on their behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Supplemental Offering Circular.

Investors should read the factors described in the "*Risk Factors*" section of the Offering Circular and this Supplemental Offering Circular to better understand the risks and uncertainties inherent in the Issuer's business and underlying any forward-looking statements.

Any forward-looking statements that the Issuer make in this Supplemental Offering Circular speak only as of the date of this Supplemental Offering Circular, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

FINANCIAL STATEMENTS

The Group's audited consolidated financial statements for the financial year ended 31 December 2019 and the reviewed consolidated financial statements for the six months ended 30 June 2020 (which include the interim results of the Group for the six months ended 30 June 2019) (together, the "**Financial Statements**") contained in this Supplemental Offering Circular were prepared and presented in accordance with International Financial Reporting Standards. Unless the context otherwise requires, financial information in this Supplemental Offering Circular is presented on a consolidated basis. Unless otherwise noted, all consolidated financial information in relation to the

Issuer presented in this Supplemental Offering Circular in relation to the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020 have been extracted or derived from the Financial Statements.

DOCUMENTS TO BE READ IN CONJUNCTION WITH THIS SUPPLEMENTAL OFFERING CIRCULAR

This Supplemental Offering Circular should be read and construed in conjunction with (i) the Offering Circular; and (ii) the Pricing Supplement.

Copies of all such documents are available for inspection at the specified office of the Trustee during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) set out at the end of this Supplemental Offering Circular.

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SELECTED FINANCIAL INFORMATION

*The selected financial information of the Group as at and for the years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020 have been extracted from the consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**") and for the six months ended 30 June 2020 (the "**2020 Interim Financial Statements**") set out elsewhere in this Supplemental Offering Circular. The consolidated financial statements as at and for the six months ended 30 June 2019 and for the year ended 31 December 2019 have been audited, and the consolidated financial statements as at and for the six months ended 30 June 2020 have been reviewed, by Ernst & Young, the independent auditors of the Issuer. The 2019 Financial Statements and 2020 Interim Financial Statements have been prepared and presented in accordance with IFRS and IAS 34, as applicable.*

The summary financial information set out below and in this Supplemental Offering Circular should be read in conjunction with, and is qualified in its entirety by reference to, the Group's consolidated financial statements (including the notes thereto) set out elsewhere in this Supplemental Offering Circular. The unaudited consolidated financial statements as at and for the six months ended 30 June 2020 have not been audited by Ernst & Young. Investors should not rely on such unaudited consolidated financial information to provide the same quality of information that audited financial information would provide. The financial results for interim periods are not necessarily indicative of results to be expected for future interim periods or for the full year

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 AND 2019 AND THE SIX MONTHS ENDED 30 JUNE 2019 AND 2020

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	US$'000	US$'000	US$'000	US$'000
REVENUE	254,148	357,369	155,763	197,641
Cost of sales	(43,742)	(81,170)	(41,808)	(60,611)
Gross profit	210,406	276,199	113,955	137,030
Other income and gains, net	254,305	369,565	165,425	168,794
Administrative expenses	(154,567)	(198,417)	(91,621)	(85,538)
Finance costs	(104,929)	(180,368)	(83,363)	(71,659)
Share of profits and losses of joint ventures and associates, net	65,372	93,355	18,317	43,776
Profit before tax	270,587	360,334	122,713	192,403
Income tax expense	(57,709)	(81,934)	(38,636)	(47,747)
Profit for the year/period	212,878	278,400	84,077	144,656
Attributable to:				
Owners of the Company	203,042	245,177	75,950	132,993
Non-controlling interests	9,836	33,223	8,127	11,663
	212,878	278,400	84,077	144,656
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(57,792)	(31,566)	(1,133)	(13,280)
Share of other comprehensive income/(loss) of joint ventures and associates	(13,465)	(16,003)	(10,719)	(11,289)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(71,257)	(47,569)	(11,852)	(24,569)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of financial assets at fair value through other comprehensive income	8,544	63,371	31,632	(69,945)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	8,544	63,371	31,632	(69,945)
Other comprehensive (loss)/income for the year/period, net of tax	(62,713)	15,802	19,780	(94,514)
Total comprehensive income for the year/period	150,165	294,202	103,857	50,142
Attributable to:				
Owners of the Company	134,941	257,406	91,879	41,476
Non-controlling interests	15,224	36,796	11,978	8,666
	150,165	294,202	103,857	50,142

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2018 AND 2019 AND 30 JUNE 2020

	Audited		Unaudited
	As at 31 December		As at 30 June
	2018	2019	2020
	US$'000	US$'000	US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	21,061	31,481	31,415
Right-of-use assets	9,090	11,831	15,116
Investments in joint ventures	404,699	697,996	910,505
Investments in an associate	9,334	—	—
Financial assets at fair value through profit or loss	335,771	589,417	611,234
Financial assets at fair value through other comprehensive income	484,239	542,925	533,574
Investment properties	1,885,502	2,785,926	2,585,779
Goodwill	285,382	340,243	340,243
Other intangible assets	79,493	92,958	89,064
Other non-current assets	34,361	39,811	33,281
Deferred tax assets	13,559	23,554	23,517
Total non-current assets	3,562,491	5,156,142	5,173,728
CURRENT ASSETS			
Trade and bills receivables	63,057	88,897	103,754
Prepayments, other receivables and other assets	224,673	129,022	298,634
Cash and bank balances	581,379	884,206	946,647
Assets classified as held for sale	—	93,931	139,104
Total current assets	869,109	1,196,056	1,488,139
CURRENT LIABILITIES			
Bank and other borrowings	436,194	232,209	570,193
Lease liabilities	3,374	5,670	6,409
Redeemable convertible preference shares	296,778	—	—
Trade payables, accruals and other payables	111,743	211,409	262,224
Income tax payable	7,284	18,431	13,068
Liabilities directly associated with assets classified as held for sale	—	21,257	47,289
Total current liabilities	855,373	488,976	899,183
NET CURRENT ASSETS	13,736	707,080	588,956
TOTAL ASSETS LESS CURRENT LIABILITIES	3,576,227	5,863,222	5,762,684

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2018 AND 2019 AND 30 JUNE 2020 (continued)

	Audited		Unaudited
	As at 31 December		As at 30 June
	2018	2019	2020
	US$'000	US$'000	US$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	191,949	211,286	233,863
Bank and other borrowings	1,024,279	2,338,708	2,284,422
Lease liabilities	6,311	17,486	9,480
Other non-current liabilities	35,766	44,630	45,834
Total non-current liabilities	1,258,305	2,612,110	2,573,599
NET ASSETS	2,317,922	3,251,112	3,189,085
EQUITY			
Equity attributable to owners of the Company			
Issued capital	2,689	3,037	3,050
Perpetual capital securities	97,379	97,379	—
Equity components of redeemable convertible instruments	37,132	—	—
Other reserves	1,952,839	2,925,838	2,978,736
	2,090,039	3,026,254	2,981,786
Non-controlling interests	227,883	224,858	207,299
Total equity	2,317,922	3,251,112	3,189,085

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 AND 2019 AND THE SIX MONTHS ENDED 30 JUNE 2019 AND 2020

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	US$'000	US$'000	US$'000	US$'000
Cash flows from operating activities				
Profit before tax	270,587	360,334	122,713	192,403
Adjustments for:				
—Solar insurance compensation	—	(1,586)	—	—
—Depreciation of property, plant and equipment	1,812	4,660	2,063	1,547
—Amortisation of other intangible assets	5,089	6,867	3,034	2,635
—Depreciation of right-of-use assets	3,325	4,836	2,199	2,951
—Fair value gains on financial assets and financial liabilities at fair value through profit or loss	(44,937)	(74,290)	(22,818)	(978)
—Fair value gains on investment properties under construction	(62,779)	(157,515)	(76,761)	(99,708)
—Fair value gains on completed investment properties	(109,688)	(68,568)	(26,800)	(26,063)
—Loss on disposal of items of property, plant and equipment	9,697	703	316	53
—Share of profits and losses of joint ventures and associates, net	(65,372)	(93,355)	(18,317)	(43,776)
—Dilution of interests in investment in a joint venture	—	—	—	2,320
—Equity-settled share option expense	23,157	18,469	9,885	8,078
—Gain on remeasurement of investment in associate to fair value	—	(8,556)	(8,556)	—
—Gains on disposal of subsidiaries	(2,662)	(16,495)	(16,495)	(5,494)
—Finance costs	104,929	180,368	83,363	71,659
—Interest income	(1,530)	(7,974)	(1,768)	(1,769)
—Dividend income	(25,519)	(33,599)	(11,848)	(35,839)
	106,109	114,299	40,210	68,019
—(Increase)/decrease in trade and bills receivables	(21,012)	(29,668)	11,197	(15,397)
—(Increase)/decrease in prepayments, other receivables and other assets	(17,238)	(15,281)	(4,861)	17,539
—(Decrease)/increase in trade payables, accruals and other payables	27,684	18,426	(13,607)	(20,410)
Cash flows generated from operations	95,543	87,776	32,939	49,751
Income tax paid	(16,203)	(31,839)	(18,572)	(23,600)
Net cash flows generated from operating activities	79,340	55,937	14,367	26,151

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 AND 2019 AND THE SIX MONTHS ENDED 30 JUNE 2019 AND 2020 (continued)

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	US$'000	US$'000	US$'000	US$'000
Cash flows used in investing activities				
Purchases of property, plant and equipment	(13,229)	(15,350)	(5,440)	(919)
Disposal of property, plant and equipment	—	33	—	38
Additions of other intangible assets	(499)	(918)	(719)	(20)
Additions of investment properties	(106,998)	(462,037)	(242,778)	(173,934)
Disposal of investment properties	—	217,672	—	—
Prepayments for acquiring land use rights	(8,729)	(4,297)	(4,324)	—
Increase in deposits for bidding of land use rights	(16,476)	—	(4,070)	—
Purchase of financial assets at fair value through profit or loss	(154,481)	(165,155)	(128,996)	(39,542)
Prepayments for financial assets at fair value through profit or loss	(42,763)	—	—	—
Dividend income from financial assets at fair value through profit or loss	—	14,248	1,376	24,356
Distribution from financial assets at fair value through profit or loss	—	106,388	83,547	25,422
Purchase of financial assets at fair value through other comprehensive income	(243,745)	(85,247)	(37,289)	(64,748)
Dividend income from financial assets at fair value through other comprehensive income	26,142	20,319	10,432	8,158
Disposal of financial assets at fair value through other comprehensive income	—	100,941	96,463	—
Acquisition of subsidiaries	(165,985)	(546,032)	(444,980)	(16,211)
Disposal of subsidiaries	(11,415)	193,324	119,383	(16,068)
Proceeds from other financial instruments	—	—	—	1,494
Capital injection in joint ventures, net	(31,160)	(145,422)	(42,083)	(63,151)
Purchase of other investment	—	(7,530)	—	—
Dividend income from associates	—	4,221	4,221	—
Addition to investment in associates	—	(126)	(126)	—
Advances to related parties	(3,652)	(3,824)	(5,673)	(21)
Prepayment from a joint venture relating to an asset held for sale	—	—	—	10,051
Repayment from a joint venture	—	—	—	59,485
Loans to directors of the Company	—	—	—	(9,200)
Release of non-pledged fixed time deposits with maturity period over three months	—	15,318	15,318	881
Interest received	1,530	7,974	1,768	1,627
Increase in non-pledged fixed time deposits with maturity period over three months	(15,318)	(881)	—	—
Net cash flows used in investing activities	(786,778)	(756,381)	(583,970)	(252,302)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 AND 2019 AND THE SIX MONTHS ENDED 30 JUNE 2019 AND 2020 (continued)

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	US$'000	US$'000	US$'000	US$'000
Cash flows from financing activities				
Proceeds from bank and other borrowings	584,812	2,079,976	1,606,607	599,044
Repayments of bank and other borrowings	(195,500)	(1,217,314)	(545,976)	(94,091)
Interest of bank and other borrowings paid	(54,615)	(122,887)	(42,711)	(73,680)
Increase in restricted cash	(19,294)	(2,766)	(2,766)	(42,155)
Release of restricted cash	—	1,022	—	—
Proceeds from exercise of employee share options	—	—	—	4,590
Share repurchased	—	—	—	(894)
Acquisition of non-controlling interests	—	(5,308)	(2,652)	—
Capital contribution from non-controlling shareholders	11,199	68,386	68,790	3,020
Distribution paid to holders of perpetual capital securities	(8,192)	(8,250)	(4,125)	(4,125)
Redemption of perpetual capital securities, net	—	—	—	(98,600)
Release of bank deposits pledged for bank loans	29,092	—	—	—
Increase in pledged bank deposits for bank loans	—	(1,089)	—	(198)
Proceeds from issue of shares	361,097	601,284	—	—
Share issue expenses	—	(11,958)	—	—
Repurchase of perpetual capital securities	(1,466)	—	—	—
Redemption of redeemable convertible preference share	—	(228,000)	—	—
Interest of redeemable convertible preference shares paid	(13,031)	(39,010)	(6,869)	—
Proceeds from/(repayments to) related parties	(1,197)	(2,166)	805	—
Dividend paid to non-controlling interests	(612)	(81,003)	(59,758)	(26,721)
Principal portion of lease payments	(3,616)	(6,478)	(2,433)	(3,257)
Net cash generated from financing activities	688,677	1,024,439	1,008,912	262,933
Net increase/(decrease) in cash and cash equivalents	(18,761)	323,995	439,309	36,782
Cash and cash equivalents at beginning of year / period	526,988	502,056	502,056	826,682
Effect of foreign exchange rate changes, net	(6,171)	631	2,254	(12,215)
Cash and cash equivalents at end of year / period	502,056	826,682	943,619	851,249
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	581,379	884,206	1,010,390	946,647
Non-pledged fixed time deposits with maturity period over three months	(15,318)	(881)	—	—
Restricted bank balances	(19,294)	(21,038)	(22,060)	(63,193)
Pledged bank deposits	(44,711)	(45,800)	(44,711)	(45,998)
Cash and short term deposits attributable to the disposal group held for sales	—	10,195	—	13,793
Cash and cash equivalents as stated in the consolidated statements of cash flows	502,056	826,682	943,619	851,249

SUMMARY OPERATING SEGMENT INFORMATION

The table below sets forth the line items that comprise the segment results for each of our three reportable operating segments, which are reported and prepared based on the Group's consolidated statement of profit or loss and other comprehensive income, together with a reconciliation, for the periods indicated.

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	US$'000	US$'000	US$'000	US$'000
Development Segment				
Segment revenue	40,665	69,858	37,661	55,224
Fair value gains on investment properties under construction	62,779	157,515	76,761	99,708
Changes in fair value of financial assets and liabilities at fair value through profit or loss	31,741	38,757	22,107	11,189
Share of profits and losses of joint ventures and associates	35,200	59,740	726	26,171
Gain on disposal of subsidiaries	2,662	16,495	16,495	5,494
Dilution of interests in investment in a joint venture	—	—	—	(2,320)
Allocable operating expenses	(57,544)	(97,583)	(51,305)	(68,642)
Development segment result	115,503	244,782	102,445	126,824
Fund Management Segment				
Segment revenue	135,579	166,721	61,784	83,578
Share of profits and losses of joint ventures and associates	—	557	557	—
Allocable operating expenses	(25,978)	(35,453)	(12,467)	(19,222)
Fund management segment result	109,601	131,825	49,874	64,356
Investment Segment				
Segment revenue	77,904	120,790	56,318	58,839
Fair value gains on completed investment properties	109,688	68,568	26,800	26,063
Changes in fair value of financial assets and liabilities at fair value through profit or loss	13,196	35,533	711	(10,211)
Share of profits and losses of joint ventures and associates	30,172	33,058	17,034	17,605
Dividend income	25,519	33,599	11,848	35,839
Allocable operating expenses	(22,887)	(35,461)	(13,387)	(19,577)
Investment segment result	233,592	256,087	99,324	108,558
Total segment results	**458,696**	**632,694**	**251,643**	**299,738**
Reconciliation:				
Depreciation and amortisation	(10,226)	(16,363)	(7,296)	(7,133)
Exchange gain/(losses)	(869)	(1,111)	(1,761)	726
Interest income	1,530	7,974	1,768	1,769
Other unallocated gains	7,190	11,124	379	537
Corporate and other unallocated expenses	(57,648)	(75,147)	(28,772)	(23,497)
Finance costs	(104,929)	(180,368)	(83,363)	(71,659)
Equity-settled share option expense	(23,157)	(18,469)	(9,885)	(8,078)
Profit before tax from continuing operations	**270,587**	**360,334**	**122,713**	**192,403**

REVENUE

	Audited				Audited		Unaudited	
	Year ended 31 December				Six months ended 30 June			
	2018		2019		2019		2020	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except percentages)							
Rental	74,311	29.2	118,042	33.0	54,954	35.3	55,915	28.3
Management fee	135,579	53.4	166,721	46.7	61,784	39.7	83,578	42.3
Construction	40,665	16.0	69,858	19.5	37,661	24.2	55,224	27.9
Solar energy	3,593	1.4	2,748	0.8	1,364	0.8	2,924	1.5
Total	**254,148**	**100.0**	**357,369**	**100.0**	**155,763**	**100.0**	**197,641**	**100.0**

FINANCE COSTS

	Audited		Audited	Unaudited
	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	(US$ in thousands)			
Interest expense on bank loans	39,603	85,244	34,843	43,663
Interest expense on other borrowings[(1)]	21,718	21,616	12,231	3,160
Interest expense on bonds	—	37,507	11,102	29,115
Interest expense on lease liabilities	428	1,897	701	1,200
Interest on redeemable convertible preference shares[(2)]	45,610	37,865	26,101	—
	107,359	184,129	84,978	77,138
Less: interest capitalised	(2,430)	(3,761)	(1,615)	(5,479)
Total	**104,929**	**180,368**	**83,363**	**71,659**

Notes:

(1) Includes interest expense of US$20.8 million, US$17.7 million and US$10.4 million in 2018 and 2019 and six months ended 30 June 2019, respectively, on the Hana Notes which were redeemed on 6 November 2019 upon the completion of the Global Offering.

(2) In 2018 and 2019 and six months ended 30 June 2019, interest on redeemable convertible preference shares included dividends associated with the C Preference Shares amounting to US$13.0 million, US$9.9 million and US$6.5 million, respectively, and costs associated with the equity element of the C Preference Shares amounting to US$32.7 million, US$27.9 million and US$19.6 million, respectively. C Preference Shares that were not converted were redeemed on 6 November 2019.

BANK AND OTHER BORROWINGS

	Audited		Unaudited
	As at 31 December		As at 30 June
	2018	2019	2020
	(US$ in thousands)		
Current bank and other borrowings:			
Bank loans — secured	138,953	37,631	370,677
Bank loans — unsecured	—	148,998	152,750
Other borrowings — secured	297,241	—	—
Other borrowings — unsecured	—	45,580	46,766
Total current bank and other borrowings	436,194	232,209	570,193
Non-current bank and other borrowings:			
Bank loans — secured	1,005,259	1,538,128	1,082,458
Bank loans — unsecured	—	99,053	346,479
Other borrowings — secured	19,020	18,548	18,399
Other borrowings — unsecured	—	5,607	5,562
Bonds — unsecured	—	677,372	831,524
Total non-current bank and other borrowings	1,024,279	2,338,708	2,284,422
Total	**1,460,473**	**2,570,917**	**2,854,615**

The risk factors in the section headed "Risk Factors" (other than the risk factors under the sub-section "Risks relating to the Securities Issued under the Programme") from pages 28 to 62 of the Offering Circular shall be deleted in its entirety and replaced with the following:

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is concentrated in APAC and may be affected by regional and global economic and political developments.

The economies in APAC may be adversely impacted by actual or expected decreases in the growth of the global economy, consumption and investment. Regional and global economic factors may adversely affect the economic growth in countries in which we do business, including the countries where we operate. In particular, the PRC economy has experienced slowing investment in recent periods and may face additional pressures from the Sino-U.S. trade conflicts. The escalation in Sino-U.S. trade tensions and the uncertainty of a resolution of trade conflicts may further dampen the economic activities in China and APAC. As our business is focused on APAC and serves a large number of e-commerce and third-party logistics ("**3PLS**")companies in the region, the slowing business activities in e-commerce and 3PL sectors may cause a decrease in the market demand for modern logistics facilities in the region, and as a result, our business, financial position and results of operations may be materially and adversely affected. There can be no assurance that a recession or slower economic growth globally or in APAC will not result in reduced demand for modern logistics properties, a decrease in the confidence of our tenants, capital partners and shareholders, or lower property prices in countries in which we do business. Moreover, the performance of our Portfolio Assets depends, in part, on the volumes of trade flowing through APAC, including the countries where we operate. Factors such as more favourable regulatory, taxation and tariff regimes, cheaper terminal costs, cost competitiveness of competing ports may divert trade away from the region. Furthermore, our business also faces risks from the political climate in the countries in which we operate. For example, South Korea and India have experienced and may continue to experience political instability. Such political instability could have an adverse impact on the economic and social conditions of those countries, resulting in a material adverse effect on our business, financial condition, results of operations, performance and prospects in those countries.

As of 30 June 2020, 76.6 per cent. of the Portfolio Assets in terms of GFA were located in the PRC, Japan and South Korea. Our results of operations, financial condition, business and future growth depend, to a large extent, on the operational and financial performance of the Portfolio Assets in these markets, and the general economic conditions of APAC. Over the past decade, inflation, currency and interest rate fluctuations, and other factors have adversely affected many countries in APAC. Any further severe economic decline in APAC could adversely affect our results of operations and future growth. In addition to being affected by global, regional and local economic conditions, property values in the PRC, Japan and South Korea have in the past been affected by the supply and demand of comparable properties, rental yield fluctuations, political developments, governmental regulations and taxation, which may have a material adverse effect on our results of operations, financial condition, business performance and prospects.

We may expand our business into other countries in APAC in connection with our business strategy, resulting in changes to our risk profile as it encompasses the risks in each of the countries or businesses which we expand into. Our results of operations, financial condition, business performance and prospects may be materially and adversely affected by risks in these countries, including, but not limited to, risks relating to adverse economic conditions, political instability, and property market developments and dynamics.

The success of our business depends on our ability to service the rising demand of the e-commerce and 3PL sectors in APAC and the sustainability of this rising demand in APAC.

We lease a significant portion of our logistics properties to large e-commerce and 3PL tenants who require modern logistics facilities in APAC. The growth of the e-commerce and 3PL sectors in the countries where we operate has led to a significant increase in demand for modern logistics real estate and boosted the local logistics property markets. However, this trend also presents inherent risks and challenges. For example, e-commerce and 3PL tenants usually prefer large-scale, state-of-the-art logistics facilities which require significant upfront capital investments, and such tenants can be aggressive on rental rates and other contract terms. Further, these tenants generally seek facilities in or close to major metropolitan areas where land parcels suitable for the development of modern logistics properties are becoming increasingly costly due to scarcity. If we are unable to successfully identify and address these challenges, we may fail to service the rising demand of the e-commerce and 3PL sectors, which may have a material adverse effect on our business performance and prospects, results of operations and financial condition.

In addition, there can be no assurance as to the sustainability of this rising demand in APAC. The e-commerce sector evolves rapidly with technological advancement, changes in user preferences, product and service innovation, and new industry standards and practices, any of which could render the existing products, services, technologies and/or systems obsolete and reduce the demand for logistics facilities by e-commerce tenants. The demand from the e-commerce sector may also be impacted by changes in supply chain management, for example, the shift in building fulfilment capabilities in-house by some e-commerce platforms in the PRC. The development of the 3PL sector in APAC has been primarily driven by rising domestic consumption as a result of the rise of modern retailing operations, as well as increases in income levels, changing consumption patterns, the adoption of new technologies and advancement in supply chain management. Any negative trend in the e-commerce and 3PL sectors in the countries where we operate may materially and adversely affect our business, financial condition, results of operations, performance and prospects.

We operate a multinational business in APAC with a relatively short operating history and are subject to complex operational risks which may be difficult to address.

Our Company was incorporated in 2011. We expanded organically and through acquisitions. After the merger with Redwood Japan in January 2016, we expanded into Singapore, Australia and India, and now operate in six countries in APAC, including the PRC, Japan, South Korea, Singapore, Australia and India, and we actively evaluate opportunities in other countries into which we may expand. Consequently, we face risks and challenges associated with operating a multinational business with a relatively short operating history. These risks and challenges include, without limitation:

- unpredictability as to whether we can maintain the same or similar growth and profitability as we have achieved in the financial years ended 31 December 2018 and 2019, and the six months ended 30 June 2020;

- difficulty in successfully operating the Portfolio Assets located across our six current operating countries, as well as any countries we may expand into;

- difficulty in integrating any businesses and assets we have acquired or we may acquire;

- conflicts in allocating our senior management's time and our resources among the projects and countries where we operate and as between the assets held on our balance sheet and through the funds and investment vehicles we manage;

- difficulty in building, implementing and maintaining standardised operational and information technology systems, and internal controls;
- difficulty in staffing, managing and maintaining a high calibre employee base;
- managing communication and integration problems arising from cultural differences and geographic dispersion;
- potentially lengthy decision-making processes resulting from multiple layers of regional and local management;
- difficulty in tailoring and implementing our business strategies to local markets, and monitoring the status of business expansion in local markets;
- difficulty in striking a balance between central oversight and control and delegation of authority to local offices;
- multiple competitive pressures from a diverse competitive environment at the local level;
- difficulty in maintaining standards of construction and leasing consistent with our quality standards;
- difficulty in attracting and maintaining well-resourced capital partners in our various markets;
- exposure to the risk of harm to our reputation which could develop rapidly across the markets where we operate; and
- compliance with a wide variety of laws and regulations.

Further, our limited track record, in particular in Australia and India, may subject us to additional operational risks, such as attracting and retaining capable management and expertise, a lack of communication channels with local government and greater unfamiliarity with local commercial practices. As we continue to expand our operations in multiple jurisdictions, we may continue to face these risks and may have difficulty managing and administering a geographically dispersed business in APAC. We are also subject to risks relating to the lack of transparency of some of the real estate markets in which we operate. Market information such as rents, vacancies and lease expiration dates at other logistics properties not operated by us may not be available to us, as such information may not be disclosed publicly and we have limited resources to access such information. We may also need to expend additional funds to, among other things, successfully operate businesses in multiple countries, integrate business teams, improve cost efficiency, achieve expected synergies and capture growth opportunities in various markets. Our success in growing our business will depend, in part, on our ability to anticipate and effectively manage these and other risks related to international operations. Any failure by us to effectively manage the challenges associated with the international operations could materially adversely affect our results of operations, financial condition, business performance and prospects.

Our business is intensely competitive.

Our fund management business faces significant competition from other private funds, specialist investment funds, hedge fund sponsors, financial institutions, corporate buyers and other parties. In particular, our fund management business faces competition in the pursuit of capital partners and in

seeking profitable investment opportunities, while ESR-REIT, Sabana Shariah Compliant Industrial REIT ("**Sabana REIT**"), ESR Kendall Square REIT ("**ESR-KS REIT**") and new REITs that we may manage or invest in the future face competition primarily in acquiring additional properties. In raising capital for the funds and investment vehicles we manage, we compete primarily on quality of portfolio assets; investment performance; alignment of our interests to our capital partners' interests; categories of products provided and scope of services; quality of services provided to and relationships with capital partners; level of fees and expenses charged for services; brand recognition; and transaction execution skills. For acquisitions and investment opportunities, we compete primarily on price; speed of execution; access to market information about suitable investment opportunities; payment terms; and access to capital, among other factors. For example, REITs generally require unitholders' approval to raise funds before completion of any acquisitions, and therefore may require longer completion periods as compared to private funds and corporate buyers.

Our logistics real estate business, which primarily comprises our operations in development and investment segments, faces competition from both global large-scale logistics facilities providers and smaller-scale local players, primarily on our ability to acquire quality land and retain a quality and diverse tenant base. Competition may also come from tenants such as large e-commerce players, which may choose to build up in-house warehousing capability or enter into new markets ahead of us.

A number of factors serve to increase our competitive risks:

- some competitors are larger than us in terms of assets and revenue, and may have greater capital resources, possess better quality assets, offer more comprehensive lines of products and services, have stronger relationships with potential vendors and tenants, and have considerably greater financial, technical and marketing resources than are available to us;

- some competitors may have stronger land sourcing and execution capabilities, lower development costs and higher development margins;

- some competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make;

- corporate investors may be able to achieve synergistic cost savings with regard to investments in logistics properties that may provide them with a competitive advantage in bidding for such investments; and

- the entry of new players in our markets.

In addition, if competitors sell assets similar to those that we intend to divest, we may not be able to dispose of our assets on favourable terms, or at all. Furthermore, if our competitors sell similar assets at lower prices than comparable assets held or managed by us, this may have an adverse impact on the market value of these assets. Likewise, the existence of pricing competition for lettable properties may have a material adverse impact on our ability to secure tenants for the Portfolio Assets at satisfactory rental rates and on a timely basis. There is no assurance that we will be able to continue competing effectively in our industry. If we fail to compete effectively, it could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The returns from investments in the Portfolio Assets could be adversely affected by fluctuations in the income generated from, and the value of, the Portfolio Assets and other factors, including the concentration of the Portfolio Assets in the logistics real estate sector.

Returns from investments in the Portfolio Assets depend largely upon the amount of income generated from the Portfolio Assets as well as changes in the fair market value of the Portfolio Assets. Income generated from, and/or the fair market value of, the Portfolio Assets may be adversely affected by a number of factors, including, without limitation:

- the asset classes and quality of the Portfolio Assets;
- overall economic conditions in regions where we operate, such as growth or contraction in gross domestic product, consumer confidence or sentiment, employment trends, the level of inflation, foreign exchange rates, interest rates and the credit environment;
- local real estate market conditions, such as the level of demand for, and supply of, logistics properties;
- competitiveness of logistics properties supplied by other players with lower costs, superior locations, and better management skills and services;
- changes in legal and regulatory framework and government guidance eliminating favourable policies of or imposing restrictions on real estate or logistics real estate developments, leasings and maintenance, such as changes in environmental, tax, planning, tenancy or zoning laws or government guidelines;
- reduced demand from tenants arising from factors including, but not limited to, the perception of tenants of the utility and convenience of the relevant Portfolio Asset, and changes in building and system technologies, supply chain management, or local or regional infrastructure;
- our ability to procure adequate management, maintenance or insurance;
- the skills, management knowhow and professionalism of our management team and its ability to respond to changing market conditions;
- our ability to negotiate rent on favourable terms and collect rent on a timely basis;
- poor economic conditions resulting in tenants defaulting on leases or increases in vacancy rates;
- title defects affecting the Portfolio Assets which could affect the ability of the relevant tenants to operate out of such properties; and
- external factors including major world events, such as war, terrorist attacks and significant outbreaks of contagious diseases, and natural disasters, such as floods and earthquakes.

In addition, other factors may adversely affect the values of the Portfolio Assets without necessarily affecting their revenues and operating income, including potential environmental or other legal liabilities and unforeseen capital expenditures. As the funds and investment vehicles we manage generally have limited operating history, and some have not yet realised returns for our capital partners by selling fund assets, it is difficult to evaluate our investment performance and prospects. If we are unsuccessful in

addressing any of the above-mentioned the risks or challenges associated with the Portfolio Assets, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Further, the funds and investment vehicles we manage and the logistics properties we own are concentrated in the logistics real estate sector, and we intend to remain focused on the logistics real estate sector, which may entail certain industry-related concentration risks. During periods of difficult market conditions or slowdowns in this sector, the rental income generated by the Portfolio Assets and/or the capital value of such properties may decline, which may further reduce return from investment of the Portfolio Assets.

Our business could be adversely affected by a fall in occupancy rates, an inability to pre-lease properties under development or lease completed properties on economically favourable terms, a failure to maintain our business relationships with our major tenants, or default by our tenants.

A significant portion of our revenue comprises: (i) rental income from the logistics properties we own; and (ii) income from our fund management business, which, to a certain extent, is impacted by the rental income of the logistics properties owned by the funds and investment vehicles we manage. As a result, our performance largely depends on our ability to pre-lease properties under development, to lease completed properties or to lease developed properties as the lease terms expire, on economically favourable terms. Our lease agreements typically require quarterly or monthly fixed rate rent payments, and some of our agreements also require rent prepayments prior to completion of the property. Our leases are generally up for renewal every three to five years and the rents charged upon renewals of leases are typically adjusted based upon then prevailing market rates. Accordingly, it is possible to have a concentration of lease renewals or rent adjustments in a given year, and a slowdown in the rental market in a given year could adversely affect our rental income in that year. If a significant number of expiring or terminated leases are unable to be either promptly renewed (including leases ended pursuant to tenant lease break options), if we are not able to promptly re-let the area covered by such leases, if the rental rates upon renewal or re-letting are significantly lower than the current rates or if higher lease incentives are required in order to attract or retain tenants, our results of operations and cash flows would be adversely affected. If the pre-leased Portfolio Assets are not completed on time, the tenants of these pre-leased Portfolio Assets may be entitled to compensation for late delivery or may be able to terminate their lease agreements with us and claim damages. Therefore, if we are unable to lease the completed Portfolio Assets, or pre-lease the Portfolio Assets under construction, or complete the pre-leased Portfolio Assets on time, our business, financial condition, results of operations, performance and prospects would also be adversely affected.

In addition, the Portfolio Assets have several major tenants. If one or more of those major tenants terminates or elects not to renew all or a significant portion of its or their leases and we are unable to promptly re-let the area covered by such leases on terms (including rental levels) as favourable as those currently or then existing, our results of operations and cash flows would be adversely affected. Alternatively, we may be forced to re-let the area covered by such leases to less creditworthy tenants which would expose us to a higher risk of tenant default in the future, which could materially adversely affect our results of operations and cash flows.

Further, tenants of the Portfolio Assets may at any time experience a downturn in their business that may weaken their financial condition. Changes to local, regional and global economic conditions or other internal or external factors may cause tenants of the Portfolio Assets to downsize or close their operations. As a result, tenants may relocate, fail to make rental payments when due, require a restructure of their lease terms, sub-lease the relevant properties to third parties in breach of the head

lease term, declare bankruptcy, or enter into liquidation, any of which may reduce cash flow from their leases. In particular, the loss of a significant number of our tenants or major tenants of the Portfolio Assets may significantly reduce, both directly and indirectly, our future cash flows, rental income and fee income. In the event of default by a significant number of tenants or a default by any of the major tenants on all or a significant portion of their leases, we would suffer decreased rents and possibly incur substantial costs in enforcing our rights as a landlord, which could have a material adverse effect on our business, results of operations and cash flows. Moreover, as many of the major tenants of the Portfolio Assets operate in correlated sectors such as e-commerce and 3PL, these tenants may be affected by the same macro-economic factors within a region. The financial condition of certain major tenants in one sector may also affect the tenants operating in another sector. As a result, the deterioration in the performance of the Portfolio Assets due to the major tenants' weakened financial condition could have a material adverse effect on our business, results of operations and cash flows.

We may not be able to acquire land in desirable locations on commercially reasonable terms, and we may be unable to complete acquisitions of property assets and successfully operate acquired properties.

The sustainable growth and success of our business significantly depend on our ability to continue acquiring land in desirable locations at commercially reasonable prices that are suitable for logistics properties. Our ability to acquire land depends on a variety of factors, some of which are beyond our control, such as overall economic conditions, the availability of land parcels offered by land owners or local governments, our effectiveness in identifying and acquiring land parcels suitable for development or redevelopment, competition for such land parcels, which may be contentious and even involve legal proceedings, and the time needed to obtain relevant government approvals. Furthermore, the rapid development of certain cities in which we conduct business in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. Land parcels located in convenient locations or connected by quality roads, highways and railroad access may command a premium price, which may exceed our budget. If we are unable to acquire suitable land parcels for future development or redevelopment in a timely manner or at terms that generate reasonable economic returns to us, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

Further, we intend to continue to pursue acquisitions of property assets in the markets in which we operate as opportunities arise. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of the property assets. While our policy is to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities such as the presence of hazardous substances, such as asbestos, or other environmental liabilities, may occur which could limit our ability to complete such acquisitions or successfully operate an asset once acquired.

Acquisition activities of property assets also include the following risks:

- the acquired properties may not achieve anticipated rental rates or occupancy levels, or may not be suitable for redevelopment;

- assumptions or judgments with respect to financial returns (including the occupancy rates and rents of a completed property) of acquired properties may prove inaccurate;

- we may incur unintended or unanticipated capital expenditures in connection with acquisitions or the vendors of our acquired properties may breach their obligations to us;

- we may abandon acquisition opportunities in respect of which we have incurred costs to explore. In the normal course of business we enter into a number of non-binding memoranda of understanding ("**MOUs**") for land for our future acquisition or development but for which we have not entered into master investment agreements with regulatory authorities or private landowners. As of 31 July 2020, we entered into a number of MOUs to acquire properties representing GFA of approximately 3.5 million sqm in the PRC and approximately 3.7 million sqm across Japan, South Korea, Australia and India. We cannot assure you that all of these MOUs will result in completed transactions;

- we may experience difficulty in obtaining the requisite licences, permits, authorisation or approvals from regulatory authorities, resulting in increases in development costs or delays in project construction;

- we may not be able to fully utilise land or property assets located in desirable locations due to restrictions on use or development; and

- in relation to our interests in properties held through joint venture arrangements, necessary joint venture partner approvals in connection with operations or expansions, if applicable, may not be granted in a timely manner, or at all.

Any or all of the foregoing factors may affect our business, results of operations, financial condition and future cash flows.

Our profitability may be affected by revaluation of the properties held on our balance sheet, as well as the properties held by the funds and investment vehicles that we manage.

We measure our balance sheet properties initially at cost. Subsequent to initial recognition, we are required to reassess the fair value of the properties held on our balance sheet at every reporting date for which we issue financial statements. The valuations will be based on market prices or alternative valuation methods, such as discounted cash flow analysis based on estimated future cash flows. In accordance with IFRS, we recognise changes to the fair value of the properties held on our balance sheet as a gain or loss (as applicable) in our consolidated statement of profit or loss in the period in which they arise. The fair value gains on the properties held on our balance sheet in 2018, 2019 and for the six months ended 30 June 2020 were US$172.5 million, US$226.1 million and US$125.8 million respectively, representing 67.9 per cent., 63.3 per cent. and 63.6 per cent. of our revenue for the respective periods. The profits attributable to our equity holders may include gains and losses that arise from revaluation of the properties held on our balance sheet, which may be volatile. However, fair value gains on the properties held on our balance sheet would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses on the properties held on our balance sheet would have a negative effect on our results of operations, even though such losses would not change our cash position. The amount of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions and may be subject to market fluctuations. There is no assurance that the fair value of the properties held on our balance sheet will not decrease in the future. Any such decrease in the fair value of the properties held on our balance sheet will reduce our profits, which in turn may have a material adverse effect on our business, financial condition, results of operations, performance and prospects. In addition, we cannot assure you that we will be able to recognise comparable fair value gains on the properties held on our balance sheet in the future and we may also recognise fair value losses, which would impact our results of operations for future periods.

Furthermore, properties held by the funds and investment vehicles we manage are also subject to revaluation according to accounting standards that apply to them. The amount of revaluation

adjustments have been, and may continue to be, significantly affected by the factors set forth in the paragraph above. We cannot assure you that we will be able to continue to recognise fair value gains on the properties held by the funds and investment vehicles we manage, which benefit our minority interests in the funds and investment vehicles we manage and our results of operations. From time to time, the funds and investment vehicles we manage may even experience fair value loss, which would impact our results of operations for future periods.

Failure of our joint ventures to perform as anticipated could have a material adverse effect on our business, results of operations, financial condition and future cash flows.

We have significant investments in joint ventures from which we receive a share of profits. Our investment in joint ventures amounted to US$910.5 million as of 30 June 2020 and our share of profits and losses of joint ventures and associates was US$43.8 million for the six months ended 30 June 2020. We may be exposed to special risks in the decision-making processes of our joint ventures as certain corporate actions of our joint ventures require approval of all joint venture partners whilst our joint venture partners may have economic or business interests or goals that are inconsistent with ours and may take actions contrary to ours. As a result, we are generally not in a position to exercise sole decision-making authority with respect to these joint ventures, including with respect to dividend policies. If any of our joint ventures fail to perform as anticipated, or if for any reason, including the need to retain cash for operations, any of our joint ventures are unable to declare any dividends, even if the share of profits of these joint ventures are consolidated into our accounts under the equity accounting method, we may not receive cash payments for our share of profits on a timely basis, or at all, which could have a material adverse effect on our business, results of operations, financial condition and future cash flows. In addition, there is liquidity risk associated with our investments in our joint ventures. A disposal of our interests in our joint ventures is subject to certain pre-emptive rights on the part of the other joint venture partners or certain other restrictions. As a result, a disposal of our interests in our joint ventures may require a longer time to complete, if at all, than a disposal of our investments in publicly-listed companies or of our wholly-owned subsidiaries or assets.

Valuation methodologies for our financial assets at fair value through profit or loss and our financial assets at fair value through comprehensive income may involve subjective judgements and/or may be subject to market volatility, which may result in changes in the fair values of these financial assets.

As of 30 June 2020, our financial assets at fair value through profit or loss comprise unquoted equity investments estimated based on our share of the net asset value of the funds and investment vehicles we manage. Our financial assets at fair value through profit or loss increased by US$253.6 million from US$335.8 million as of 31 December 2018 to US$589.4 million as of 31 December 2019, and further increased by approximately US$21.8 million to US$611.2 million as of 30 June 2020. We use our judgements to select a variety of methods and make various assumptions and estimates. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. Further, the valuation methodologies for the net asset value of the funds and investment vehicles take into consideration a range of factors including but not limited to the price at which an asset was acquired, local property market conditions, values of comparable assets in the same market, and current and projected operating performance, which involve a significant degree of management judgement and use of unobservable inputs, and may result in material adjustment to the carrying amounts of certain assets held by the funds and investment vehicles we manage. As there is significant uncertainty in the valuation of, or in the stability of the value of, the net asset value of the funds and investment vehicles we manage, the fair value measurement of our financial assets at fair value through profit or loss as reflected in our share of the net asset value of these funds and investment vehicles are also subject to significant uncertainties and risks, which may result in volatility in our financial condition and results of operations.

In addition, as of 30 June 2020, our financial assets at fair value through other comprehensive income comprise listed equity investments in public companies listed on the SGX-ST, ASX and the Hong Kong Stock Exchange, of which the fair values are estimated based on their quoted prices on an active market. Although these are publicly traded companies, the prices of their securities may fluctuate significantly, which contribute to the uncertainties in valuation. We recorded financial assets at fair value through other comprehensive income of US$533.6 million as of 30 June 2020. We also have listed equity investments in a public company listed on KRX KOSPI Market of the Korea Exchange as of the date of this Supplemental Offering Circular. Any change in the securities prices and market conditions could lead to the volatility in the fair values of our financial assets at fair value through other comprehensive income, which could further impact our financial condition and results of operation and may also impact our ability to dispose of these financial instruments at favourable prices.

Fluctuations in our gains on disposal of subsidiaries, which may vary from period to period, could have a material adverse effect on our business, results of operations, financial condition and future cash flows.

Gains on disposal of subsidiaries represents our gains from the sale of our equity interests in subsidiaries holding our investment properties. While we intend to continue disposing of our properties in implementing our capital recycling strategy, fluctuations in the timing of these transactions subjects us to a risk that our income fluctuates from period to period. In the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, we recorded gains on disposal of subsidiaries of US$2.7 million, US$16.5 million and US$5.5 million, respectively. Any fluctuations in our gains on disposal of subsidiaries could have a material adverse effect on our business, results of operations, financial condition and future cash flows.

We may not be able to secure capital resources, either through equity or debt financing, on commercially reasonable terms, or at all.

Our business, in particular the funds and investment vehicles we manage, requires substantial capital investment. We have in the past financed our business and operations through internal cash flows, private equity fundraising, public bond offerings and commercial bank loans, among other things. We may, in the future, require additional financing to fund our capital expenditures to support the future growth of our business and/or to refinance our existing debt obligations. The funds and investment vehicles we manage may also require additional financing to fund or refinance their existing projects and complete profitable acquisitions. The funds and investment vehicles we manage also rely on additional financing in connection with capital called from our capital partners in order to maintain target leverage ratios in our funds and investment vehicles.

Our ability to arrange external financing and manage the cost of such financing is dependent on numerous factors, including general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, our own financial condition, the success of our business, provisions of relevant tax and securities laws, policies regarding regulation and control of the logistics real estate markets where we operate, and political and economic conditions in these markets. In addition, changes in the global financial markets have, in recent years, affected the availability of financing and led to an increase in the cost of financing. We may consequently find it difficult in the future to access the financial markets, which could in turn make it more difficult or expensive to obtain funding. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to us or the funds and investment vehicles we manage. If we fail to obtain adequate financing to fund our operations or the existing projects and proposed acquisitions of the funds and investment vehicles we manage, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

Further, as our AUM is calculated taking into account the additional debt that will be incurred with reference to the target leverage ratio of the relevant funds and investment vehicles we manage when all capital is called and invested, if the funds and investment vehicles we manage are not able to achieve the target leverage ratios, our AUM may be materially and adversely affected. In addition, the inability to refinance our indebtedness or the indebtedness of the projects of the funds and investment vehicles we manage at maturity, or meet our payment or redemption obligations or the payment or redemption obligations of the funds and investment vehicles we manage upon the occurrence of certain events such as change of control, could adversely affect our cash flows, results of operations, financial condition and reputation. In such circumstances, we may require additional equity financing, and the funds and investment vehicles we manage may require additional capital investment, which would be dependent on the appetite and financial capacity of our shareholders and our capital partners. For further details of the equity financing risks relating to the funds and investment vehicles we manage, see the paragraph headed *"— Our capital partners in the funds and investment vehicles we manage with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect the operations and performance of the funds and investment vehicles we manage.*" and the paragraph headed "*— We may not be able to sustain our business relationships with existing capital partners and may fail to form relationships with new capital partners, either of which may adversely affect our financial condition and results of operations.*". If we are unable to raise equity or debt financing or the funds and investment vehicles we manage are not able to secure additional capital investment from capital partners, our business, financial condition, results of operations, performance and prospects will be materially and adversely affected.

In addition, our restricted cash, which is reserved for specific purposes, may be unavailable for general corporate purposes. Further, we may be subject to foreign exchange controls that may adversely affect the ability to repatriate the income or proceeds of sale arising from the Portfolio Assets. See the paragraph headed "*— We are subject to restrictions on the repatriation of funds in the PRC, South Korea and India*" in this section. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on our ability to continue to maintain sufficient liquidity, cash and available credit under our credit facilities. If we do not maintain sufficient liquidity, our ability to meet our payment obligations to creditors or to borrow additional funds may become impaired, and our business, financial condition and our results of operations may be materially and adversely affected.

We have a significant amount of secured indebtedness and the claims of holders of the Perpetual Securities would rank behind claims of our secured creditors. We are a holding company and payments with respect to the Perpetual Securities are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We have a significant amount of secured indebtedness, which has been primarily incurred by our subsidiaries. The Perpetual Securities are unsecured obligations of the Issuer and, in the event of any foreclosure, dissolution, winding up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of the Issuer, holders of secured indebtedness will have prior claims to our assets that constitute their collateral and the claims of holders of the Perpetual Securities would rank behind claims of such secured creditors. In the event that any of our secured indebtedness becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, our assets remaining after repayment of such secured indebtedness may not be sufficient to repay all amounts owing in respect of the Perpetual Securities. As a result, holders of the Perpetual Securities may receive less than holders of such secured indebtedness. Furthermore, we are a holding company with no material operations of our own and conduct our operations primarily through our subsidiaries. The Perpetual Securities will not be guaranteed by any of our current or future subsidiaries. Our primary assets are ownership interests in our operating subsidiaries, which are held through certain

subsidiaries. Accordingly, our ability to pay principal, interest and/or distributions on the Perpetual Securities will depend upon our receipt of principal and interest payments on intercompany loans and distributions of dividends from our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Perpetual Securities or to provide us with funds in respect of our payment obligations, whether by dividends, distributions, loans or other consideration. Payments to us by our subsidiaries are contingent upon such subsidiaries' earnings and cash flows. Creditors, including trade creditors of subsidiaries and holders of preferred shares in such entities would have a claim on such subsidiaries' assets that would be superior to the claims of holders of the Perpetual Securities. As a result, our payment obligations under the Perpetual Securities are structurally subordinated to all existing and future obligations of our subsidiaries, including their obligations under guarantees it has issued or will issue in connection with its business operations. All the claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Perpetual Securities.

In addition, subject to the terms of its financing agreements, we may incur significant additional indebtedness, whether to finance acquisitions or otherwise, which would increase the risks associated with its existing indebtedness as described above. If we incur any additional indebtedness that ranks equally with the Perpetual Securities, the relevant creditors will be entitled to share rateably with the holders of the Perpetual Securities in any proceeds distributed in connection with any insolvency, liquidation, reorganisation, dissolution or other winding-up of the Issuer. This may have the effect of significantly reducing the amount of proceeds paid to the holds of the Perpetual Securities.

Covenants in our credit agreements limit the flexibility of our operations and breaches of these covenants could adversely affect our financial condition.

The terms of our various credit arrangements require compliance with a number of both restrictive and financial covenants, including, among others, negative pledge, interest coverage ratio, leverage covenants, limitations on the incurrence of indebtedness, restrictions on the distributions to shareholders and requirements to provide notice or obtain consent for certain significant corporate events. These covenants could limit the flexibility of our operations. For example, some of our subsidiaries are subject to covenants that restrict them from distributing dividends, restructuring, transferring material assets, liquidating or changing their shareholding or management structure. In addition, borrowings under certain loan agreements between our subsidiaries and banks or other financial institutions are not allowed to be used for purposes other than the development of the projects specified in the agreements. Moreover, some of the loan agreements that we have entered into contain financial covenants that require us and/or our subsidiaries to maintain specified financial ratios. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness and the acceleration of repayment of such indebtedness. Certain of our credit agreements also contain cross-default or cross-acceleration provisions that would permit the lenders thereunder to accelerate repayments of indebtedness in the event of a default or acceleration of repayment of other material indebtedness. Any breaches of such covenants could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Dependence on leverage for investments made by us and by the funds and investment vehicles we manage could expose us to interest rate risks and adversely affect us.

We use leverage on investments made by us and by the funds and investment vehicles we manage. Our ability to achieve attractive yields and rates of return on our balance sheet investments and the investments of the funds and investment vehicles we manage may depend on our continued ability to access sufficient sources of debt financing at attractive or acceptable rates. Due to the use of leverage, indebtedness may constitute a majority of the asset value of certain Portfolio Assets, and may

constitute a majority of the asset value of future properties that we acquire. An increase in either the general levels of interest rates or in the risk spread demanded by sources of financing would make it more expensive to finance those investments.

Leveraged investments are inherently more sensitive to declines in revenue, increases in expenses and interest rates and adverse economic, market and industry developments. The incurrence of a significant amount of indebtedness by us or the funds and investment vehicles we manage could, among other things:

- give rise to an obligation to make mandatory prepayments of debt using excess cash flows, which might limit our ability or the ability of the funds and investment vehicles we manage to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;

- limit our ability or the ability of the funds and investment vehicles we manage to adjust to changing market conditions, thereby placing us or the funds and investment vehicles we manage at a competitive disadvantage;

- limit our ability or the ability of the funds and investment vehicles we manage to engage in strategic acquisitions that might be necessary to further expand our business or generate further growth; and

- limit our ability or the ability of the funds and investment vehicles we manage to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

Our profitability may be affected by our finance costs.

We fund our business operations, including our balance sheet investments, through internally generated funds and external financing, including private equity fundraising, public bond offerings and commercial bank loans, among other things. As a result of our financings, we record significant finance costs. In 2018 and 2019 and the six months ended 30 June 2020, we incurred finance costs of US$104.9 million, US$180.4 million and US$71.7 million, respectively, which were more than the net cash generated from our operating activities of approximately US$79.3 million, US$55.9 million and US$26.2 million, respectively.

Some of our outstanding borrowings are subject to floating rates. As commercial banks in the PRC link the interest rates on their bank loans to benchmark lending rates published by the People's Bank of China, any increase in the benchmark lending rates will increase the interest expenses and finance costs related to our developments. To the extent the governments in the countries where we operate slow the development of the real estate sector by increasing lending rates to the sector, our cost of financing may be adversely affected. As such, any increase in interest rates offered to us may significantly impact our results of operations. Additionally, a general increase in the demand for loans in the countries where we operate may increase applicable interest rates, resulting in additional interest costs for us. If we are not able to negotiate lower financing costs, our net profit and results of operations may be materially and adversely affected by our total financing costs and interest expenses.

Our capital partners in the funds and investment vehicles we manage with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect the operations and performance of the funds and investment vehicles we manage.

The funds and investment vehicles we manage rely heavily on capital investment from our capital partners. Our capital partners make capital commitments to the funds and investment vehicles we

manage during the respective commitment periods as prescribed in the organisational agreements for the funds and investment vehicles we manage, and we, as the general partner or the investment manager, on behalf of such funds and investment vehicles, are entitled to call capital from those capital partners at any time during such periods. We depend on capital partners fulfilling their commitments when called to fund investments and otherwise fulfil their obligations when due. To date, we have not had any capital partners fail to honour capital calls to any meaningful extent. A capital partner that does not fund a capital call will be subject to several possible penalties, including having a significant amount of its existing investment in that fund or investment vehicle forfeited, losing its right to appoint directors or committee members of that fund or investment vehicle, or risking its shares being called by non-defaulting shareholders at a discounted price. However, the impact of these penalties can be limited. For example, the investment forfeiture may be less meaningful if a capital partner has little or no prior capital investment and the forfeiture occurs early in the life of the fund or investment vehicle. Capital partners may in the future also negotiate for fewer or reduced penalties in the organisational agreements of the fund or investment vehicle, thereby reducing the enforceability of a capital call. In addition, we have a certain level of concentration of major capital partners, which increases our risk exposure if any of the major capital partners were to default. If our capital partners were to fail to satisfy a significant amount of capital calls for any particular fund or investment vehicle, the operation and performance of such fund and investment vehicle could be materially and adversely affected and/ or an intended investment may not be able to be made, which could further have a material adverse effect on our management fee income, business, financial condition, results of operations, performance and prospects.

We may not be able to sustain our business relationships with existing capital partners and may fail to form relationships with new capital partners, either of which may adversely affect our financial condition and results of operations.

Our business depends on our ability to maintain relationships with our existing capital partners and form relationships with new capital partners. Under certain of the development funds and investment vehicles we manage, our capital partners have the right to initiate the sale of certain assets when they are stabilised. While we have a right of first offer to acquire such assets, we may not have the capital on our balance sheet or in the core/core-plus funds and investment vehicles we manage to do so, which could have an adverse effect on our AUM and non-transaction-based management fee income, and further affect our business, financial condition and results of operations. Our development funds and investment vehicles cease to have the right to call capital from our capital partners for new projects that have not been identified and approved by the expiration of the commitment period. Also, our capital partners may choose not to continue to invest with us, either in new development or core/core-plus funds and investment vehicles we seek to set up, upon the winding down of the development funds and investment vehicles in which they have originally invested. In addition, we may fail to form relationships with new capital partners and, as a result, fail to diversify capital sources other than from our current capital partners. While we have not experienced any forced sale of assets under our funds and investment vehicles or any material redemption by our capital partners with respect to their investments during the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, if any of the foregoing occurs, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We possess certain management rights under investment management agreements as part of our fund management business. The organisational agreements of the funds and investment vehicles we manage may contain provisions such as capital partner exit provisions or allow capital partners to resolve to remove us as the investment manager. Similarly, certain of our partnership agreements contain provisions allowing capital partners to resolve to remove us as the general partner. Each of the funds and investment vehicles we manage has provisions concerning the replacement of the

investment manager and general partner in certain circumstances. Our material default or underperformance with respect to the funds and investment vehicles we manage may give rise to risks that the investment manager mandates can be cancelled or otherwise changed, and that we may have to indemnify the funds and investment vehicles we manage for certain losses incurred, subject to certain conditions. In addition, certain of our investment management agreements include a cross-termination provision that, if we cease to be the investment manager or general partner of certain funds, the investment management agreements of other investment vehicles which co-invest alongside such funds may be automatically terminated. While we have not experienced any of the foregoing events during the during the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, if any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

Our capital partners may demand better commercial terms or lower fees under certain circumstances.

We earn fee income and promote from managing funds and investment vehicles, as well as the assets under the funds and investment vehicles on behalf of our capital partners. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in a disproportionate share of profits (a "**promote**"), upon exceeding a pre-determined target IRR and after our capital partners have received their targeted capital returns. In 2018, 2019 and for the six months ended 30 June 2020, our management fee income amounted to US$135.6 million, US$166.7 million and US$83.6 million respectively, accounting for approximately 53.3 per cent., 46.7 per cent. and 42.3 per cent. respectively, of our total revenue for the relevant period. Our management fees are negotiated on a case by case basis under the organisational agreements of the funds and investment vehicles we manage which generally have a term of more than seven years. As base management fees are a percentage of either committed capital or portfolio value at the outset of a fund's commitment period and subsequently a percentage of invested capital after the expiration of a fund's commitment period, the level of base management fees we earn depends almost exclusively on the percentage we are able to negotiate with our capital partners, which generally ranges from 1 per cent. to 2 per cent.

Our capital partners may demand better commercial terms or lower fees under certain circumstances, such as decreases in the prevailing market rates of management fees, increases in the supply of competing services at more favourable terms, poor performance of investment funds and vehicles, or deteriorating economic conditions. Under such circumstances, fundraising conditions for the funds and investment vehicles we manage are likely to be challenging and pressures by capital partners for lower fees, different fee sharing arrangements or fee concessions may increase. If we are unable to agree to terms, which may be less favourable to us, we may lose capital support from our capital partners. In addition, certain arrangements with our capital partners contain highly customised terms; for example, certain capital partners may be entitled to discounts to management fees chargeable or one-off rebates in the event of a budget overrun, and limited sharing of management fees if certain capital partners successfully introduce qualified new capital partners to the funds or investment vehicles managed by us. As a result of the foregoing, we may not be able to collect the full amount of management fees that we would otherwise be entitled to, which would affect our management fee income, financial condition, results of operations and performance.

As part of our business, we encounter conflicts of interest, and a failure to identify, address and resolve such conflicts of interest could adversely affect our business.

We develop logistics property assets owned directly by us and owned by the development funds and investment vehicles we manage. We also provide investment and asset management services to the

funds and investment vehicles we manage. From time to time as part of our business model, we acquire and sell logistics property assets both for our own balance sheet and for the development funds and investment vehicles we manage. We have in the past and expect in the future to encounter conflicts of interest including, but not limited to, the following situations:

- our fiduciary and contractual obligations to our capital partners in the funds and investment vehicles we manage may preclude us from pursuing investment opportunities for our own balance sheet;

- conflicts may arise among the funds and investment vehicles we manage as to which fund or investment vehicle is allocated a certain investment opportunity;

- conflicts may arise in allocating time, services, expenses, personnel and financial or other resources: (i) between the investment activities of the funds and investment vehicles we manage, on the one hand, and of our balance sheet, on the other hand; or (ii) among the investment activities of the funds and investment vehicles we manage;

- conflicts may arise in our capital recycling strategy, through which the funds and investment vehicles we manage may seek to effect a purchase or sale of an asset from or to one or more of the other funds or investment vehicles we manage (such as the sale of an asset from a development fund to a core fund), or we may seek to effect a purchase or sale of an asset on our balance sheet from or to a fund or investment vehicle we manage. Because we undertake various roles simultaneously in such transactions (such as the owner and seller of the asset as well as the investment manager of the fund or investment vehicle which purchases the asset, or the investment manager of the fund or investment vehicle which sells the asset and the investment manager of the fund or investment vehicle that purchases the asset), and there is no open market bid to substantiate the purchase price of the relevant asset, there may be a conflict between our interests and the interests of our capital partners, as well as a conflict between the interests of capital partners of different funds; and

- conflicts may arise with respect to our rights to receive fees or other compensation in connection with specific transactions. For example, we earn acquisition fees (which typically range from 0.5 per cent. to 1.75 per cent. of the cost of properties) for the sale of properties held by our development funds to the core/core-plus funds or investment vehicles we manage. As we negotiate on both sides with respect to such sales, conflicts may arise as we try to maximise the acquisition fees we earn and represent the interests of different capital partners simultaneously.

In addition to the organisational agreements of the funds and investment vehicles we manage, we have a conflicts of interest policy in place to help us identify, address and resolve such conflicts, including to help us determine the allocation of investment opportunities between us and the funds and investment vehicles we manage, and among the funds and investment vehicles we manage. However, it is difficult to identify, address and resolve all such potential, perceived or actual conflicts of interest. Our procedures may fail to identify all conflicts or fail to effectively resolve conflicts and/or the perception of conflicts. We may not be able to resolve all conflicts in a way suitable to us or to our capital partners. If we fail to identify, address and resolve conflicts, our business and our reputation may be damaged. The willingness of capital partners to enter into agreements with us or invest in the funds or investment vehicles we manage may be adversely affected if we fail, or appear to fail, to deal appropriately with conflicts of interest or fulfil our fiduciary and contractual obligations. Conflicts of interest not properly addressed and/or resolved could give rise to claims by and liabilities to capital partners, litigation or enforcement actions. As a result, we may be obligated to bear legal, settlement and other costs. If we are unable to effectively manage conflicts of interest, we may not be able to

carry on with our capital recycling strategy, and our business, financial condition, results of operations, performance and prospects could be materially adversely affected.

The organisational agreements of the funds and investment vehicles we manage include provisions that constrain our ability to take certain actions without the approval of our capital partners, including with respect to investment opportunities.

We have partnered with respect to, or acquired interests in, funds and investment vehicles we manage to acquire logistics property assets. Cooperation and agreement among us and our capital partners on the acquisition of logistics property assets is critical for the operation and financial viability of the funds and investment vehicles we manage. Certain actions or decisions of the funds and investment vehicles we manage may require approval of all shareholders or partners, and the relevant shareholders agreements, partnership agreements or platform framework agreements with our capital partners include provisions that constrain our ability to take certain actions, including the incurrence of capital expenditures exceeding certain amounts, sale of assets exceeding certain values and incurrence of indebtedness exceeding certain limits. These arrangements may involve certain risks associated with the possibility that our capital partners may:

- have economic or business interests or goals that are inconsistent with each other or our own and act in a manner that does not serve our interests or goals;

- take actions contrary to the instructions or requests of us or contrary to our policies or objectives with respect to our investments;

- vote on business, financial or management decisions with which we do not agree;

- be unwilling to fulfil their obligations or unable due to financial or other difficulties; or

- have disputes with us as to the scope of their and our responsibilities and obligations, and with regard to the performance of their or our obligations.

In particular, our capital partners may disagree as to whether to invest in investment opportunities we have identified due to their different perception of the risk-return profile of the assets and they may exercise veto rights pursuant to the relevant shareholders agreements, partnership agreements or platform framework agreements. As we typically do not hold a majority interest in most of the funds and investment vehicles we manage, we may not be able to proceed with certain investment opportunities and our ability to efficiently deploy resources to take advantage of new investment opportunities in a timely and efficient manner may be restricted. Further, we may not be able to effectively implement our capital recycling strategy if the sale of assets from our own balance sheet assets to funds or investment vehicles we manage or sales between the funds and investment vehicles we manage are vetoed by our capital partners.

If we were to have a significant disagreement with our capital partners, such disagreement may have a material adverse effect on our reputation and the success of the funds and investment vehicles we manage. In addition, a disposal of our interests in a fund or investment vehicle is subject to certain pre-emptive rights on the part of the other capital partners or certain other contractual restrictions. As a result, a disposal of our interests in a fund or investment vehicle may require a longer time to complete, if at all, than a disposal of a wholly-owned asset. If any of the foregoing occurs, our business, financial condition, results of operations, performance and prospects will be materially and adversely affected.

Our business and the funds and investment vehicles we manage require significant upfront investment, and we, and the funds and investment vehicles we manage, may experience lower than expected returns on such investment.

Our business involves developing logistics properties on our balance sheet and through the funds and investment vehicles we manage. Developing logistics properties requires significant upfront investment. In addition, we have made equity capital investments to the private funds and investment vehicles we manage. We also hold investment interests in REITs listed on SGX-ST which include ESR-REIT, Sabana REIT and AIMS APAC REIT, as well as ESR-KS REIT, which is listed on the KRX KOSPI Market of the Korea Exchange. We and the funds and investment vehicles we manage may experience lower returns on our investments, including on our equity capital investments, due to a number of reasons, many of which are beyond our control, including the overall economic conditions in the markets in which we operate, increase in interest rates or construction costs, delays in obtaining governmental permits and authorisations, default by counterparties with respect to the obligation to return cash deposits for land transactions in the event they are terminated, competition from other available logistics facilities and new entrants into the logistics real estate market, fluctuation of rental rates and variable operating costs and any downward cycle of the industries in which our existing and prospective tenants operate. If we fail to identify, attract and retain tenants for the Portfolio Assets, we will not be able to generate any operating cash flow from these properties to recover the significant upfront investment in our business and/or in the funds and investment vehicles we manage, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. We also have investments in companies we do not manage, including Centuria in Australia and China Logistics Property Holdings Co. Ltd. ("**CNLP**") in Hong Kong. There is no assurance that these investments may experience expected or higher than expected returns.

We may not be able to complete the development or redevelopment of the Portfolio Assets according to our budget, on time, or at all.

Depending on the market and property type, it typically takes us approximately 12 to 24 months to develop, from land acquisition to stabilisation, the Portfolio Assets. As a result, our cash flows and results of operations may be significantly affected by our property development or redevelopment schedules and any changes to those schedules may affect our development or redevelopment budgets. The schedules and the budgets of our property developments or redevelopments depend on a number of factors, including regulatory approvals, project financing, and performance of third-party contractors. In particular, if we fail to obtain or maintain various approvals, licences and permits that are required for the development or redevelopment of Portfolio Assets, we may be subject to fines, suspension of construction work, and/or other liabilities arising from such non-compliance, which could delay our construction schedule, incur significant expenses and divert substantial management time to rectify these incidents. Other specific factors that could adversely affect our property development or redevelopment schedules and budget include, but are not limited to:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- shortage of capital;
- changes in relevant regulations and government policies, including environmental and zoning laws;
- relocation of existing tenants and/or demolition of existing constructions;

- shortages of materials, equipment, contractors and skilled labour;
- labour disputes of third-party subcontractors;
- construction accidents;
- construction failures caused by unforeseen engineering, design, quality, environmental, or geological problems;
- breach of contractual obligations or unsatisfactory performance by third-party contractors;
- unforeseen costs or delays resulting from errors in judgement on the selection and acquisition criteria for potential sites; and
- natural catastrophes, outbreaks of contagious diseases and adverse weather conditions.

Construction delays, or failure to complete the construction of a logistics property according to its planned specifications, schedule and budget may harm our reputation and lead to loss of, or delay in recognising, revenue and lower returns on our capital investment. In addition, cost overruns may entitle some of our capital partners to claim waivers from paying base management fees chargeable in respect of capital commitments invested in projects which exceed the original approved budgets of such projects. As a result, we may not be able to collect the full amount of base management fees that we are originally entitled to, which may adversely affect our management fee income. We cannot assure you that we will not experience any significant delays or cost overruns in completing logistics properties in the future, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Our Portfolio Assets rely on the transportation infrastructure and connectivity of the surrounding areas.

Infrastructure support, particularly public roads, highways and railroad access, is critical to the functioning of the Portfolio Assets and future development of logistics properties on our balance sheet or under the funds and investment vehicles we manage. There can be no assurance that certain government development plans will be executed in a timely manner, or at all. This may depend on the level of investment by the relevant government in infrastructure support, which historically has varied in the countries in which we operate. If the transportation infrastructure surrounding the Portfolio Assets is not established in time, or at all, or adequately maintained, we may not be able to attract tenants for the Portfolio Assets or may even lose tenants, which may have a material adverse effect on the valuation of the Portfolio Assets. In particular, e-commerce and 3PL tenants attach significant importance to infrastructure support of surrounding areas, such as roads or expressways adjacent to urban areas. Failure to lease out the Portfolio Assets due to poor infrastructure support will materially and adversely affect our business, and we might not achieve the expected return on our investment. Furthermore, as the urban areas in the markets where we operate continue to develop, existing transportation infrastructure and traffic condition surrounding the Portfolio Assets may deteriorate, or become unattractive in light of other or new transportation links, which in turn may render the location of the Portfolio Assets undesirable from our tenants' perspective and lead to early termination or non-renewal of their leases or renegotiation of rentals. In addition, a lack of infrastructure support in the countries into which we aim to expand could negatively impact our ability to do so. Any such occurrence may have a material adverse effect on the valuation of the Portfolio Assets as well as our business, financial condition, results of operations, performance and prospects.

We depend on our senior management team and certain key senior personnel as well as skilled employees.

Our success largely depends upon the continued service and performance of our senior management, key personnel as well as skilled employees. In particular, our senior management has been crucial to the development of our business, culture and growth strategies. If we lose the services of any member of our senior management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit replacements, which could severely disrupt our business and impede our growth. Although we generally have non-compete arrangements in place for our senior management, if any member of our senior management joins a competitor or forms a competing business, we may lose know-how and business relationships with tenants, capital partners and key third parties such as principal banks and contractors. Further, pursuant to certain agreements executed in connection with certain of the funds and investment vehicles we manage, certain senior management and local management are identified as "key persons" under key person clauses. If any of them ceases to devote substantially all of their business time to activities directly or indirectly benefitting the projects held by these fund or investment vehicles during the specified commitment period, our capital partners may have the option to terminate these agreements. The departure of these key management personnel may therefore impact our business both from the loss of their services generally, as well as the continuation of these funds and investment vehicles. Such "key person" clauses may also restrict what the relevant individuals could do in the broader context of our business. Certain funds and investment vehicles we manage are subject to change of control clauses that are triggered when certain key persons cease to hold a specified amount of ownership or voting rights in the relevant vehicles. If any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We have experienced significant growth in recent years and as a consequence require more personnel with specific skill-sets as we continue to expand our operations. In particular, as we expand into new markets, we may require the expertise of individuals with relevant knowledge of the local market as well as an understanding of our international business. However, competition for talent is intense, especially for those who have the relevant skill-sets and experience in the industry. We cannot assure you that key personnel and skilled employees will always choose to stay with us. The loss of any of these key personnel or skilled employees, or the inability to attract and retain talent, could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Due diligence on acquisitions and investments, either by us or by the funds and investment vehicles we manage, may not reveal all relevant facts in connection with an acquisition or an investment, or identify all material defects or other deficiencies.

Before making acquisitions and investments, either by us or by the funds and investment vehicles we manage, we generally conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each acquisition or investment. When conducting due diligence and making an assessment regarding an acquisition or an investment, we rely on the resources available to us, including information provided by the target of the acquisition or investment or seller of a property and, in some circumstances, third-party investigations. As part of the due diligence process, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Third party property appraisers, market consultants, legal advisers, accountants and financial advisers may be involved in the due diligence process in varying degrees depending on the type of acquisition or investment. However, due diligence information or materials prepared by these third parties or the due diligence investigation that we will carry out with respect to any acquisition or investment opportunity may not reveal or highlight all relevant facts that may be

necessary or helpful in evaluating such acquisition or investment opportunity. Public searches may not be available in certain jurisdictions and, even if they are available, such searches may have limited details or may not be up-to-date. In addition, even if our due diligence uncovers certain issues with respect to the acquisition, such as ongoing litigation affecting the target, we may decide to proceed with the acquisition due to strategic reasons. This could result in, among other things, management time and expenditure being required to resolve the outstanding issues. Finally, our acquisitions or investments, or the investments we make on behalf of the funds and investment vehicles we manage may not perform as expected.

In addition, although we believe that reasonable due diligence investigations with respect to the Portfolio Assets have been conducted prior to acquisition by us or by the funds and investment vehicles we manage, there is no assurance that the Portfolio Assets will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects or asbestos contamination) which may require additional capital expenditures, special repair or maintenance expenses. Further, the experts' due diligence reports that we rely upon as part of our due diligence process may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used, data forgery by engineering firms and other factors. As such, it is practically impossible or difficult to detect defects or deficiencies in properties through a due diligence process and there is no guarantee that the Portfolio Assets bear no defects in relation to the installation piles or other equipment used for construction. Such undisclosed and undetected defects or deficiencies, if any, may require significant capital expenditures or trigger repair and maintenance obligations to our tenants and involve significant and unpredictable patterns and levels of expenditure or reduction in rental income during the repair process which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We may face difficulties in realising the benefits of any acquisitions and successfully integrating acquired businesses.

Some of our historical acquisitions have been transformative to our business. We may in the future continue to evaluate potential acquisition opportunities and pursue acquisitions of major businesses.

Prior to completing any acquisitions, we identify expected synergies, cost savings and growth opportunities. However, due to legal, regulatory and business limitations, we may not have access to all necessary information and, as a result, will face the operational and financial risks inherent in such acquisitions. The integration process, particularly in connection with a transformative acquisition, may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realising our expectations for an acquisition, including the benefits that may be realised, include, among other things:

- failure to implement the business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets, including unanticipated issues in integrating logistics, information, communications and other systems;
- higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;

- failure to maintain the continuity or assimilation of operations or employees;
- retaining key tenants, suppliers and employees;
- retaining and obtaining required regulatory approvals, licences and permits;
- diversion of the attention and resources of management;
- assumption of liabilities not identified in due diligence;
- difficulties in establishing and maintaining effective internal controls;
- potential litigations from existing shareholders for any deficiencies in due diligence process and overpriced considerations; and
- other unanticipated issues, expenses and liabilities.

Any such acquisition, or the failure to complete any future intended acquisition may have a material adverse impact on our business, financial condition, results of operations, performance and prospects. For example, to ensure the smooth integration of our business and an acquired business and to create synergies for each other, a certain degree of optimisation and integration will be required with respect to tenant resources management, marketing, technical research and development, financial accounting and human resources management of us and the acquired business. However, it is uncertain whether such integration can be successfully implemented, if at all. If the relevant risks of such integration are not properly managed or the expected benefits of an acquisition fail to materialise, the post-acquisition business may risk losing key employees, senior management team and/or tenant relationships, which may have a material and adverse effect on our business, financial condition, results of operations, performance and prospects.

In April 2019, we completed the acquisition of a 100 per cent. interest in Propertylink in Australia. We employ Propertylink as part of our strategy to build up and strengthen our Australian platform. See the section headed "*Description of the Company — Major Mergers and Acquisitions and Recent Developments — The Propertylink Acquisition*" for further information. Our acquisition of Propertylink is part of our focus on value creation which involves expanding our Australian operations and identifying accretive acquisition targets, both as an owner of property and a fund, asset and property manager. There are certain risks specifically associated with Propertylink and its business. For example, Propertylink has carried forward net capital losses which are available to be utilised against net capital gains in future income tax years. Given that we have acquired 100 per cent. of Propertylink securities, Propertylink may fail the continuity of ownership test, which means that Propertylink may not be able to utilise its carried forward net capital losses unless it satisfies the same business test during the relevant period.

We completed the acquisition of a 100 per cent. interest in Sabana Investment Partners Pte. Ltd. (the "**Sabana Manager**") by our subsidiary, InfinitySub Pte. Ltd. (the "**Sabana Manager Acquisition**") in January 2020, and we may face difficulties in integrating Sabana Manager's business into our operations and realising the expected benefits from the acquisition, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects. See the section headed "*Description of the Company — Major Mergers and Acquisitions and Recent Developments — Sabana Manager Acquisition and Sabana REIT Investment*".

We may not be successful in executing our business strategy, including the expansion into new geographical locations and adjacent businesses.

Our business model involves developing, operating and managing logistics properties, either owned directly by us or by the funds and investment vehicles we manage, in APAC and managing such funds and investment vehicles. As we expand into new geographic locations, we may face uncertainties and challenges due to our unfamiliarity with local regulatory practices and tenants' preferences and behaviour, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. These uncertainties, in particular in Australia and India given our relatively short track record in these two countries, affect our development schedule and therefore our ability to meet stated goals. In addition, whether we can successfully expand into these new locations depends on many factors which are beyond our control, including whether we can find suitable sites at reasonable costs in urban areas, whether we can establish and maintain cooperative relationships with local governments, and whether we can raise capital for the funds and investment vehicles in the new locations. Further, expanding our business into new locations may entail competition with logistics property providers who have better-established local presence or better relationships with local governments or greater access to local labour, expertise and knowledge than we do. See the paragraph headed "— *Our business is intensely competitive.*".

In addition, we intend to establish a pan-APAC fund to provide investors with single product exposure to the logistics real estate market in APAC. We may not be successful in executing this strategy or attracting the capital needed to seed such a fund, and such strategy may impact our business in ways we cannot presently forecast.

Further, we intend to leverage our ecosystem of shareholders, capital partners, local teams and tenants to penetrate adjacent businesses that benefit from the synergies of our platform, such as real estate properties to be used for data centres, suburban IT offices and business parks. As we may face new challenges in these adjacent businesses, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our resources and past experience. For example, we may have difficulties in accurately predicting market demand or industry standard for our data centres, suburban IT offices and business parks, which may render such businesses incompatible with our existing business or cause delays due to budget overruns and unanticipated local issues such as labour and supplies. Any such failures may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Our capital recycling strategy may result in changes in our balance sheet and our income statement in the future.

We use our balance sheet and development funds to acquire land and develop logistics facilities and then transfer mature, income-yielding assets to the core/core-plus vehicles and listed fund platforms we manage. As a result, we realise fair value gains on completed investment properties, fair value gains on investment properties under construction and gains on disposal of properties, and earn management fee income. The disposed assets are also off our balance sheet upon the completion of such transfers. As we continue to recycle our capital and transfer assets on our balance sheet to core and core-plus funds and REITs we manage, we expect that our balance sheet and income statement will continue to change from time to time. Further, successful execution of our capital recycling strategy is subject to various factors including the variety of avenues of development available to us, risk and liquidity profiles in our fund management business and geographies where we operate, which may ultimately affect our results of operations. Our historical financials may not be indicative of our future financial performance and our operating results may change.

Goodwill impairment may negatively affect our reported results of operations.

During the financial years ended 31 December 2018 and 2019 and six months ended 30 June 2020, we recorded goodwill in connection with our business combinations and acquisitions, and did not record any impairment of such goodwill during the same period. If the businesses we acquired cannot generate the financial results as we expect, it could result in the use of substantial amounts of cash, the occurrence of significant goodwill impairment charges, amortisation expenses for other intangible assets and exposure to potential unknown liabilities.

Goodwill is initially measured at cost, and tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Performing the goodwill impairment test requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There are inherent uncertainties related to these factors and to our judgement in applying these factors to the assessment of goodwill recoverability. We could be required to evaluate the recoverability of goodwill prior to the annual assessment if there are any impairment indicators which could potentially be caused by our failure to successfully integrate the operations of the acquired businesses with other operations. Impairment charges could substantially affect our reported results of operations in the periods of such charges. In addition, impairment charges would negatively impact our financial ratios and could limit our ability to obtain financing in the future.

The limited liquidity of the Portfolio Assets could restrict our ability to respond to adverse changes in the property markets.

We have been engaged in a capital recycling strategy since 2017 where we dispose of logistics facility assets we have developed on our balance sheet or in development funds or investment vehicles we manage to the core/core-plus funds or investment vehicles we manage. We may also in the future dispose of such assets to development funds that we manage. Our ability to complete the divestments of select property assets into the funds and investment vehicles we manage or to third parties may be adversely affected by competition from other sellers, issues with planning, changes in the desirability of the locations of the assets, current market conditions (including capitalisation rates and the underlying property fundamentals applicable to our balance sheet properties) and the availability of financing for interested purchasers.

In particular, as the Portfolio Assets have limited liquidity, our ability to sell them in a timely manner or at all, including as an exit strategy of the development funds we manage or in response to changing economic, financial and investment conditions, may be limited. The real estate market is affected by many factors beyond our control, such as general economic conditions, availability of financing, interest rates, and supply and demand of properties. We cannot predict whether we will be able to sell any of the Portfolio Assets for the price or on the terms desired or set by us, or whether the price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser or to close a sale in respect of an investment property or other assets. In addition, we may be required to expend funds to maintain properties, correct defects, or make improvements before an investment property or certain other asset can be sold. There is no assurance that we will have funds available for these purposes. Any prolonged repair or maintenance process due to a shortage of funds may impede our ability to respond to adverse changes in the performance of the Portfolio Assets, which may have material adverse effect on our business, financial condition, results of operations, performance and prospect.

In addition, we also hold investment interests in ESR-REIT and other investments in listed companies, including our investments in Sabana REIT, AIMS APAC REIT in Singapore and ESR-KS REIT in

South Korea, Centuria in Australia and CNLP in Hong Kong. The liquidity of these listed equity investments is subject to market conditions, which could impact our ability to dispose of these investments, and we may not be able to dispose of our listed equity investments at favourable prices.

If we are unable to dispose of assets on our balance sheet or held by the development funds we manage or our listed equity investments on favourable terms or at all, we will not be able to execute our strategy, which could adversely affect our business, financial condition, results of operation, performance and prospects. Further, our capital recycling strategy may result in changes in our balance sheet and our income statement and may affect our profitability in the future. See "— *Our capital recycling strategy may result in changes in our balance sheet and our income statement in the future*" in this section.

Our business is subject to significant regulation and supervision by regulatory authorities in certain jurisdictions, and compliance failures and changes in regulation could adversely affect us.

Our fund management business is subject to significant regulation and supervision in the jurisdictions where we operate, and we incur compliance costs accordingly. We manage a number of funds and investment vehicles in multiple jurisdictions and hold various licences or rely on valid licence exemptions or registrations in some jurisdictions, including the PRC, Japan, South Korea, Singapore, Australia and India, pursuant to local requirements. In particular, in the PRC, it typically takes longer to complete fund management registration before setting up a new fund vehicle, which may delay our implementation of our core and core-plus strategy in the PRC. In addition, the licence exemptions that we rely on can be complex and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, we could become subject to additional restrictive and costly registration requirements, regulatory action or third-party claims. Our fund management agreements specifically provide that, among other things, our fund management services may be terminated in the event that we cease to be licensed, or exempted from the licensing requirements, under relevant local regulations, to provide such services. If our licences are suspended or revoked by relevant regulatory authorities as a result of any non-compliance with relevant regulatory requirements or if there is any change in the licensing/exemption regimes in the jurisdictions where we provide fund management services and if we fail to fulfil such licensing requirements, the agreements we enter into in connection with the funds and investment vehicles we manage may be terminated by our capital partners, and we may also be required to suspend relevant businesses and be subject to monetary penalties imposed by relevant regulatory authorities, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects. We may also be materially affected if new or revised legislation or regulations are enacted, or if there are changes in the interpretation or enforcement of existing rules and regulations that apply to us. Such events could increase our costs of doing business, require us to restructure the way in which we carry on our business, or render us unable to continue all or part of our business, which in turn could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

In addition, our property development business is subject to various laws and regulations of the countries where we operate. Our activities on the Portfolio Assets are limited by planning laws and regulations, the terms of the relevant government land leases, and other regulations enacted by the authorities in these markets. Developing properties, refurbishing, re-developing and operating properties require government permits, some of which may take longer to obtain than others. The Portfolio Assets are subject to routine inspections by the authorities in these markets with regard to various safety and environmental issues. Changes in laws and regulations or the implementation thereof may require us to obtain additional approvals and licences from the relevant authorities for the

conduct of our operations in these markets. In such event, we may incur additional expenses to comply with such requirements, which may affect our business and results of operations.

Furthermore, there may also be delays on the part of the administrative authorities in reviewing our applications and granting approvals, and there can be no assurance that such approvals or licences will be granted to us promptly, or at all. If we experience delays in obtaining, or are unable to obtain, such required approvals or licences, the investment, development and leasing of the Portfolio Assets could be substantially disrupted, which may have a material adverse impact on our business, financial condition, results of operations, performance and prospects. The occurrence of any of the foregoing may have a material adverse effect on our financial condition, results of operations and cash flow.

Potential liability for environmental issues relating to the Portfolio Assets and regulations relating to climate change could result in substantial costs.

As an owner, lessor, developer and manager of logistics properties in multiple jurisdictions, we are subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws and regulations in relation to climate change could impose significant costs or liabilities on us.

Some of the Portfolio Assets are located in industrial areas. The nature of the past uses of these properties, as well as the past and current uses of surrounding properties, gives rise to increased risk of contamination. Environmental legislation in certain jurisdictions imposes strict and retrospective liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination in circumstances where such contamination is causing, or where there is significant possibility of it causing, significant harm to people or the environment. In some jurisdictions, the owner or occupier of contaminated land could become liable as a “knowing permitter” if it became aware of pollution capable of causing significant harm to people or the environment, had the necessary degree of control over operations on the land to prevent such harm and failed to take certain actions to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution. Thus, if land we own is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, or if, directly or indirectly, a third party is injured or otherwise suffers a loss as a result of the presence of toxic substances on the Portfolio Assets, we might be liable for the costs of cleaning up such contamination. In Australia, generally there is no strict requirement for regulators to pursue the person who causes the pollution in the first instance, and the owner or occupier of contaminated land may not be liable for clean-up costs regardless of whether or not the person who causes the pollution can be located. Further, certain environmental regulations, among other things, impose liability on present and former property owners and operators for costs and damages related to soil and water contaminations from hazardous or toxic substances whether or not the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substances. For example, under the Soil Contamination Countermeasures Act of Japan, a current owner of real property may be held strictly liable for the removal or remediation of hazardous or toxic substances, such as lead, arsenic and trichloroethylene, on or under the surface of such property, whether or not the current owner knew of or was responsible for the presence of such hazardous or toxic substances. We, or the funds and investment vehicles we manage, may also be held liable under other laws for the use of asbestos and polychlorinated biphenyls, or PCBs, at any of the Portfolio Assets in Japan.

In addition, the presence of hazardous or toxic substances on of any of the Portfolio Assets may adversely affect our ability to sell such properties or to borrow using such properties as collateral and the value of such Portfolio Assets may decrease, and may cause us to incur penalties and clean-up

costs. We may also become liable if, directly or indirectly, a third party is injured or otherwise suffers a loss as a result of the presence of toxic substances on the Portfolio Assets, and in such a case it is unclear whether we can be indemnified by those who are actually responsible. In such event, unanticipated clean-up costs that we may incur, the adverse effect on the ability to sell properties, the likely adverse impact on our tenants affected by such substances, and the risk of prosecution by governmental authorities may materially adversely affect our business, financial condition, results of operations, performance and prospects.

Climate change regulations in APAC could increase our capital and operating expenses.

Under laws or regulations of certain countries where we operate, owners of certain real estate properties may face obligations to report on, or limit their emissions of, greenhouse gases. For example, in Japan, although some of our tenants are subject to relevant climate change regulations, the portfolio companies holding the Portfolio Assets, in their capacity as the owners of these properties, are also subject to these climate change regulations and may be held liable for greenhouse gas emissions in the event of violation of these climate change regulations. Any such measures may force us to rebuild or repair the Portfolio Assets in order to reduce emissions or obtain emissions credits. Moreover, since some of our tenants' businesses rely heavily on trucking, if regulations regarding the emission of nitrogen oxides and particulates become stricter, our tenants could incur increased compliance costs and demand for logistics facilities could decline. We or any of our tenants may also face new requirements mandating a substantial reduction or regulation in greenhouse gas emissions and implementation of further measures under the Kyoto Protocol, Bali Road Map, Paris Agreement and any other international agreements negotiated under the United Nations Framework Convention on Climate Change, which could have far-reaching and significant impacts on us and our tenants. Any such future laws and regulations could result in increased compliance costs or additional operating restrictions, and could have a material adverse effect on us or the demand for logistics facilities. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We may be involved in disputes or legal and other proceedings in connection with the Portfolio Assets or arising from our operations from time to time, which could result in significant liabilities and reputational harm and could materially and adversely affect our results of operations, financial condition and liquidity.

We have been, and in the future may be, involved, from time to time, in disputes relating to our commercial arrangements and operations, environmental, health and safety, labour and employment, or other harms, including claims resulting from the actions of individuals or entities outside of our control. These disputes may lead to legal or other proceedings, and may cause us to incur additional costs or delays in our operations. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses, and/or delay the construction or completion of the Portfolio Assets. Adverse outcomes in any litigation or other proceedings could have a material adverse effect on our business, results of operations, financial condition or prospects.

In particular, we are exposed to risk of litigation by capital partners of the funds and investment vehicles we manage, if our management thereof is alleged to constitute fraud, negligence or wilful default, for breach of applicable laws or regulations, breach of the trust deed or other constitutive documents or breach of any agreements we may have entered into with our capital partners. Capital partners could sue us to attempt to recover amounts lost by the funds or investment vehicles we manage due to our alleged misconduct, up to the entire amount of the loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of the funds or investment

vehicles we manage. We are also exposed to risks of litigation or investigation relating to transactions where potential conflicts of interest were not properly addressed. See "— *As part of our business, we encounter conflicts of interest, and a failure to identify, address and resolve such conflicts of interest could adversely affect our business.*" In such actions, we may be obligated to bear legal, settlement and other costs, which may be in excess of available insurance coverage. If we are required to bear all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the funds or investment vehicles we manage, our results of operations, financial condition and liquidity could be materially and adversely affected.

Our tax planning may not be effective.

We have minority investments in many of the funds and investment vehicles we manage, and retain relatively larger investment interests in certain other investment vehicles that we manage. Some of the investments by us or the funds and investment vehicles we manage are in entities that are structured to achieve tax transparency. In particular, in Australia, a condition of transparency is that the investments held by a fund are passive in nature, and primarily focused on the derivation of rental income.

Certain jurisdictions, including Australia, have adopted legislation that limits the tax deductibility of certain interest expense incurred by companies domiciled/operated in those jurisdictions. For example, there are limits on the tax deductibility of interest paid by heavily geared Australian funds on loans from non-Australian lenders. These measures will most likely adversely affect the Portfolio Assets in Australia in which the funds and investment vehicles we manage have investments, and limit the benefits of additional investments in those jurisdictions. In addition, certain jurisdictions such as South Korea and Australia have sought to tax the investment gains derived by non-resident investors, including private real estate funds, from the disposition of the equity in companies operating in those countries. In some cases this is the result of new legislation or changes in the interpretation of existing legislation and in other cases tax authorities have challenged investment structures that benefit from tax treaties between countries. In the event that our tax planning for ourselves or for the funds or investment vehicles we manage ceases to be effective, whether as a result of a loss or revocation of a tax ruling by a competent tax authority, or a change in (or in the interpretation of) applicable tax laws or otherwise, we may be subject to additional tax assessment, penalties and/or interest thereon, which could reduce the return on our investments and increase our operating costs and expenses, and in turn could have a material adverse impact on our business, financial condition, results of operations, performance and prospects.

We may face corruption, bribery, money-laundering and other internal control risks, and we may not be able to successfully implement, monitor or comply with internal controls, policies and procedures.

We operate in six jurisdictions, some of which may be considered high-risk from an anti-bribery and anti-corruption perspective, and strict compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. We cannot assure you that our internal controls, policies and procedures are adequate or will protect us from improper conduct by our officers, directors, employees, representatives, third-party intermediaries, tenants, business partners or agents. In the event that we believe or have reason to believe that any such party has or may have violated such laws, we may investigate (or have outside counsel investigate) the relevant facts and circumstances. Detecting, investigating and resolving actual or alleged violations can be expensive and require a significant diversion of time, resources and attention from senior management. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, performance and prospects.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions where we operate. The anti-money laundering laws and regulations in the markets we operate require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Policies and procedures we have adopted may not completely eliminate instances where our operations may be used by other parties to engage in money laundering and other illegal or improper activities. We may not be able to fully detect money laundering and other illegal or improper activities in our business operations on a timely basis or at all, which could subject us to liabilities and penalties. If we fail to comply with applicable laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

Certain of the agreements governing the funds and investment vehicles we manage also contain provisions that may result in the termination of our appointment as investment manager or asset manager, as the case may be, if we, or any of our delegates, directors or employees commit fraud, wilful default or misconduct or gross negligence in connection with the performance of obligations under the relevant agreement and such action is not cured within a specified timeframe.

In addition, we face other internal control risks of loss resulting from, among other factors, inadequate or flawed processes or systems, theft, and fraud. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of, or misconduct by, our employees or those contracted to perform services for us, and third parties that do not perform in accordance with their contractual agreements. These events could result in financial losses or other damage to us. Furthermore, we rely on internal and external information technology systems to manage our operations and we are exposed to the risk of loss resulting from breaches in the security, or other failures, of these systems. See "— *Any failure, inadequacy and security breach in our computer systems and servers may adversely affect our business.*" Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

As we are expanding rapidly with a relatively short track record, there is a lack of and need for increased standardisation of systems, including IT and backup systems, and processes, including internal communication and delegation of authority. We historically have not had a holistic risk management framework and have not conducted any internal audits or investigations to monitor compliance with our policies, including those with respect to corruption, bribery, anti-money laundering and other internal control risks. Recent internal control reviews conducted by our internal control consultant have identified areas of internal control weaknesses, which has led us to adopt enhanced internal control procedures, including implementing operational procedures for cash and treasury management and insurance management and establishing a register which properly documents the usage of checks. Though we will monitor our internal control compliance status on a regular basis going forward, there may be potential legacy problems and a lack of familiarity with our enhanced internal control procedures. We cannot assure you that there are no historic or new areas of internal control weaknesses which may materially and adversely affect our business, financial condition, results of operations, performance and prospects in the future.

The valuation of the Portfolio Assets contains assumptions that may not materialise or may prove inaccurate and the value of the Portfolio Assets may not reflect the timely value of such assets.

Real estate assets are inherently difficult to value. Valuations are subject to judgement and estimates and are made on the basis of assumptions that may not necessarily materialise. Additionally, the

inspection and other work undertaken in connection with a valuation exercise of the Portfolio Assets may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. There can be no assurance that our investment in our directly held properties or the property investment made by the funds and investment vehicles we manage will be realised at the valuations or property values recorded or reflected in our financial statements or in this Offering Circular. We apply fair value accounting for all of the Portfolio Assets. Independent valuation is carried out on the Portfolio Assets, typically not less than once every year. We assess the valuation of the Portfolio Assets to ensure that the carrying amount of each of the Portfolio Assets reflects the market conditions at the relevant financial reporting date. The value of the Portfolio Assets may fluctuate from time to time due to market and other conditions. There is no assurance that the Portfolio Assets will retain the price at which they may be valued or that our investment or the investment made by the funds and investment vehicles we manage in such properties will be realised at the valuation or property values we have recorded or reflected in our financial statements, and the price at which we may sell or lease any part or the whole of the properties may be lower than the valuation for those properties. Adjustments to the fair value of the Portfolio Assets could have an adverse effect on our net asset value and profitability. It may also affect our ability to obtain more borrowings, or result in us having to reduce debt, if the financial covenants in our financing and other agreements require us to maintain a certain level of debt relative to gross asset value, and such covenants are triggered as a result of adjustments to the fair value of the Portfolio Assets.

In addition to valuations of the Portfolio Assets, we also undertake due diligence on potential acquisitions in order to assess the risks associated with such acquisitions. However, such due diligence procedures may not reveal all risks or defects associated with a Portfolio Asset. See "— *Due diligence on acquisitions and investments, either by us or by the funds and investment vehicles we manage, may not reveal all relevant facts in connection with an acquisition or an investment, or identify all material defects or other deficiencies.*"

The expert appraisals and reports upon which we rely for the acquisitions and operations of Portfolio Assets are subject to significant uncertainties and assumptions.

We may obtain appraisals as well as engineering, environmental and seismic reports in connection with project assessment and site selection for new logistics facilities. However, these reports cannot give a precise assessment of the past, present or future value or engineering, environmental or seismic conditions of the relevant logistics facilities. Furthermore, the appraisers and other experts use a variety of different review methodologies or different sets of assumptions, which could affect the results of such appraisals, reports and the conclusions that the appraisers, other experts and we can draw from them. Thus, different experts reviewing the same logistics facility could reach significantly different conclusions.

Engineering, environmental and seismic reports we have obtained for the Portfolio Assets may not reveal all material risks or liabilities and may not be an accurate reflection of such risks, because such risks are often hidden or difficult to evaluate. If we were to discover any significant, unidentified engineering, environmental or seismic liabilities, the value of the affected logistics facility could fall, we may be required to incur additional costs and discharge of the liability could be time consuming. For example, in accordance with customary practice in Japan, we disclose certain information relating to a logistics facility's probable maximum loss ("**PML**") to our capital partners of the relevant funds and investment vehicles we manage based on reports we receive from third parties. PML percentages are based on complicated, highly speculative building engineering reports that include many subjective factors and are based on numerous assumptions. We are not an expert in assessing earthquake risk, and cannot independently verify the PML percentages provided to us, and the uncertainties inherent in such reports limit the value of them to us.

The Portfolio Assets or parts thereof may be acquired compulsorily by governments of the countries in which we operate.

Governments of the countries where we operate have the power to compulsorily acquire any land in the respective countries for the public interest pursuant to the provisions of applicable legislation. For example, for properties located in Singapore, the Singapore government has the power to acquire any land in Singapore for any public purpose and for any residential, commercial or industrial purposes. Moreover, the Indian government under the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 has the right to compulsorily acquire any land if such acquisition is for a "public purpose", after providing compensation to the owner. The likelihood of such acquisitions may increase as central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways, airports and townships. The amount of compensation to be awarded for compulsory acquisition of property in the countries where we operate is assessed pursuant to the relevant laws and regulations. If any of the Portfolio Assets in the countries where we operate is acquired compulsorily by the relevant government, and we or the funds or investment vehicles we manage are not able to win a favourable judgement after appealing to the courts in the relevant jurisdiction for reconsidering the validity of such compulsory acquisition, the level of compensation paid to us or the funds or investment vehicles we manage pursuant to this calculation method may be less than the acquisition price which we or the funds or investment vehicles we manage paid for such properties.

A significant proportion of our existing shareholders comprise institutional investors and private equity investors who may not act in the best interest of our other shareholders.

We are an exempted company incorporated with limited liability in the Cayman Islands and a significant proportion of our shares are held by institutional investors and private equity investors, including OMERS Administration Corporation, in the nature of strategic investments in us. As of 17 February 2021, OMERS Administration Corporation held 14.91 per cent. of the issued share capital of our Company. The nature of such investments by these shareholders and other of our investors may mean that, should a suitable opportunity arise which allows them to meet their investment objectives in relation to their investment in us, they may divest, subject to certain lock-up periods, some or all of their shares to other parties including, but not limited to, other existing shareholders, which may potentially trigger change of control and similar provisions under certain business contracts and financing arrangements to which we and our subsidiaries are party. If counterparties to the relevant agreements exercise termination or other rights in respect of the change of control of our Company, our business, financial condition and results of operations could be materially adversely affected. In addition, our existing shareholders who are institutional investors and private equity investors may from time to time exert, or attempt to exert, influence over our business to achieve their own economic objectives, or other objectives which may otherwise not be in the best interest of our other shareholders.

Further, we may, in the future, seek to raise additional equity capital funding from new or existing institutional and/or private equity investors or shareholders or from financial or other investors, which could result in a change in the composition of our shareholders and/or result in a dilution to existing shareholders, and which may be material. There can be no assurance that new investors who become our shareholders as a result of the equity capital fundraising will act in the best interest of our other shareholders, nor can we guarantee that existing shareholders acquiring more holdings of our company may continue to act in the best interest of all shareholders.

The costs of the Post-IPO Share Option Scheme may adversely affect our results of operations and any exercise of the options granted thereunder may result in a dilution of our shareholders' shareholdings and the exercise of options granted under the KM ESOP may adversely affect our results of operations.

For the years ended 31 December 2018 and 2019 and six months ended 30 June 2020, we recognised equity-settled share option expenses of approximately US$23.2 million, US$18.5 million and US$8.1 million, respectively, in connection with the awards granted under our pre-IPO share option schemes. Further, for the purpose of providing incentives to eligible participants to contribute to us and enabling us to recruit high calibre employees and to attract or retain human resources that are valuable to us, we adopted the Post-IPO Share Option Scheme on 12 October 2019. We expect to incur less share-based compensation expenses under our pre-IPO share option schemes, after the completion of the listing of the Company on the main board of the Hong Kong Stock Exchange (the "**Global Offering**"), as there will not be new grants under those schemes. We expect share-based compensation expenses after the completion of the Global Offering to be largely driven by new grants under the post-IPO share option scheme (the "**Post-IPO Share Option Scheme**"). However, under our pre-IPO employee stock incentive scheme adopted by the Company on 24 November 2017 as amended from time to time (the "**KM ESOP**"), in specified circumstances, in lieu of the participant paying the exercise price to exercise an option, the participant may elect to receive a net cash settlement equal to the value of the shares in respect of which the option is being exercised less the exercise price otherwise payable for those shares. This may result in a reduction in our cash flows and working capital and may adversely affect our liquidity and business operations. On 28 December 2020, we granted options to eight grantees pursuant to the Post-IPO Share Option Scheme. The issue of shares on this and any other exercise of the post-IPO share options in the future would result in a reduction in the percentage ownership of our shareholders and may result in a dilution in the earnings per share and net asset value per share, as a result of the increase in the number of shares outstanding after such issuance.

We are subject to risks relating to foreign currency exchange rate fluctuations.

Due to the geographic diversity of our business, we receive income and incur expenses in a variety of currencies, including the Chinese Renminbi, Japanese Yen, Korean won, Singapore dollar, Australian dollar, Indian rupees, and U.S. dollar. It is not possible to predict the effect of future exchange rate fluctuations on our assets, liabilities, income, cost of sales and margins. In addition, some of the currencies used by us may not be readily convertible or exchangeable or may be subject to exchange controls. Furthermore, while we receive income and incur expenses in a variety of currencies, we report our financial results in U.S. dollars. Therefore, fluctuations in currency exchange rates could materially affect our reported financial results. The foreign exchange gains or losses we recorded in various line items in our profit and loss statements result from the settlement of foreign currency translations, which are translated into the functional currency of U.S. dollars using prevailing foreign exchange rates at the dates of the relevant transactions or valuation where items are re-measured, and from the translation at the year-end foreign exchange rates of the monetary assets and liabilities denominated in foreign currencies. Such foreign exchange gains or losses differ from exchange differences on translation of foreign operations in other comprehensive income, which are calculated based on certain subsidiaries' financial statements for which non-U.S. dollar functional currencies are translated into the functional currency of U.S. dollars. In 2018 and 2019 and the six months ended 30 June 2020, loss on exchange differences on translation of foreign operations amounted to approximately US$57.8 million, US$31.6 million and US$13.3 million, respectively. Any future fluctuations in currency exchange rates could materially adversely affect our business, financial condition and results of operations.

We may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake, typhoon or other casualty event in the countries where we operate, which may not be covered by insurance.

Natural disasters, severe weather conditions, catastrophes or other events, all of which are beyond our control, may adversely affect the economy and infrastructure of the countries where we operate and/or result in severe personal injury, property damage and environmental damage, which may curtail our business operations and materially adversely affect our prospects, financial condition and results of operations. Some cities where we operate, are under the threat of typhoon, flood, earthquake, severe storm, sandstorm, snowstorm, fire and drought. See the paragraph headed "— *Our Japanese operations and real estate may be disrupted due to earthquakes, typhoons or other natural disasters.*". If any of the Portfolio Assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, our operations may be significantly interrupted and our business and financial condition may be adversely affected. The continuance of any of these events could increase the costs associated with our operations and reduce our ability to operate our businesses at their intended capacities, thereby reducing revenues and profitability.

In addition, although we maintain insurance coverage on all of the Portfolio Assets in accordance with what we believe to be industry standards, insurance policies generally do not cover certain types of losses such as war, civil disorder and acts of terrorism and/or our business interruption risks under certain circumstances and the claim amounts under insurance policies are subject to limits, which may not cover the total amount of any loss or liability incurred. In addition, we do not insure for every risk, such as earthquake risks. For example, while all of our buildings in Japan are designed and built to the highest seismic amelioration standards and are compliant with the relevant statutory seismic design codes, we do not insure earthquake risks, which is not uncommon in Japan for companies operating in our industry, as such insurance is generally unavailable to cover all of our assets in Japan. An earthquake could severely damage or otherwise adversely offset our logistics facilities and if our tenants were to suffer significant uninsured losses due to earthquake damage to one or more of our facilities, it could reduce their demand for our facilities and therefore have a material adverse effect on our business, financial condition, results of operations, performance and prospects. Such accidents may expose us to liability or other claims by our tenants and other third parties. Although we believe that we have adequate insurance arrangements in place to cover such eventualities, it is possible that our estimates may not be accurate and that accidents or incidents could occur which are not covered by these arrangements. Any substantial losses arising from the occurrence of any such accidents or incidents that are not covered by insurance could adversely affect our business and results of operations.

We are subject to restrictions on the repatriation of funds in the PRC, South Korea and India.

We may be subject to foreign exchange controls that may adversely affect the ability to repatriate the income or proceeds of sale arising from the Portfolio Assets. For example, the PRC government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of the PRC. See "— *Restrictions on the remittance of RMB into and out of the PRC and governmental control of currency conversion may limit our ability to make payments under the Perpetual Securities.*". Additionally, under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are not freely permitted (subject to certain exceptions and subject to compliance with the valuation and reporting requirements specified by the Reserve Bank of India). Additionally, conversion of Indian rupee proceeds from a sale of shares in India into foreign currency and repatriation of that foreign currency from India requires a no-objection or a tax clearance certificate from the Indian income tax authorities. Repatriation of income, capital and the proceeds of sale may require the consent of, and depending upon the provisions of the Double Taxation Avoidance

Agreement of India with the country of residence of the investor, may be subject to taxation by, the relevant governments in the PRC, South Korea and India, and may also be subject to stipulations relating to lock-in periods prescribed under the applicable laws in India. In particular, disposition of the Portfolio Assets may incur potential tax costs such as capital gains tax regardless of a direct or indirect sale and local taxes with respect to disposition of real estate or stocks in real estate-rich companies as well as trigger relevant local tax reporting or filing requirements in certain of the jurisdictions where we operate. Delays in, or a refusal to grant, any such approval, a revocation or variation of consents previously granted, or the imposition of additional taxes or new restrictions, may adversely affect our business, financial condition, results of operations, performance and prospects.

Any limitation on the ability of our subsidiaries to make dividend payments to us could have a material adverse effect on our ability to conduct our business or our financial condition.

We are a holding company, and we receive dividends and other distributions on equity that may be paid by our subsidiaries in the countries where we operate, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our subsidiaries incorporated in these countries incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, even if our subsidiaries are allowed to pay dividends or make other distributions to us, tax regimes in some of the countries where we operate generally require our subsidiaries to withhold a certain percentage of the dividend or after-tax profit to fund certain statutory reserves. Although a bilateral income tax treaty may be applied to reduce such withholding tax, such treaty benefit may not be available as its applicability depends on the income tax treaty framework of the payor country and whether a tax payor is qualified to claim benefit under the relevant tax treaty.

For instance, under the PRC laws and regulations, wholly foreign-owned enterprises in the PRC, may pay dividends only out of their retained earnings as determined in accordance with the Chinese accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10 per cent. of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50 per cent. of its registered capital. Subject to approval by shareholders of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on the Chinese accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

In South Korea, cash dividends can only be paid out of distributable profit, as defined in the Korean Commercial Code ("**KCC**"). The dividends must be approved at the annual general meeting of shareholders. The KCC also requires that a legal reserve of 10 per cent. of the amount of the dividend be set aside, unless the legal reserve has been accumulated to not less than half of the stated capital.

Under Australian laws and regulations, Australian companies may only pay dividends where a company has sufficient net assets, the dividend is fair and reasonable to a company's shareholders as a whole and the dividend does not materially prejudice a company's ability to pay its creditors. The directors must also be satisfied that the company has sufficient profits and must ensure any additional requirements imposed by a company's constitution are met. In relation to trusts (which are another type of Australian entity), distributions must be made in accordance with the relevant trust deeds which were entered into before we acquired our Australia business and may impose a variety of conditions that must be complied with before a distribution is made, some of which may be beyond our control.

Under current Indian tax laws, a company is liable to pay a dividend distribution tax as applicable from time to time on the total amount distributed as dividend. Any changes in the rate of dividend distribution

tax or other applicable taxes may adversely affect our subsidiaries' ability to pay dividends or make other distributions to us.

Any limitation on the ability of our wholly-owned subsidiaries incorporated in the jurisdictions where we have operations and into which we may expand to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

We are subject to risks related to our use of independent service providers for the provision of essential services, including construction and property management services in particular.

We engage contractors and independent third-party service providers in connection with our business, including construction contractors, property managers, property valuers, and real estate agents. Save for some construction projects in Australia, we outsource the structural design and construction of development projects to third-party contractors which are overseen by our development management team. We engage third-party service providers to provide professional property management services and conduct property maintenance work on our logistics properties, including regular cleaning, repairing and security for our logistics facilities, under the supervision of our property manager. We engage third-party valuers to perform independent valuations of the Portfolio Assets. We also occasionally engage third-party real estate agents to procure tenants. There can be no assurance that our contractors or independent service providers will always perform to contractual specifications or on schedule, or that such contractors or providers will continue their contractual relationships with us under commercially reasonable terms, if at all, and we may be unable to source adequate replacement services in a timely or cost-efficient manner. Properties that we develop with the help of third-party contractors may prove to have defects for which we are not able to hold the contractor responsible and we would be required to spend additional time and expense on implementing remedial measures. For example, one of the properties on our balance sheet was discovered to have sinking floors. As we were the ultimate decision maker in choosing the approach to backfilling and enhancing the floors from several options available to us, it would have been difficult for us to hold the third-party contractor liable for the defect, and therefore we had to take corrective measures at our own expense.

There is also a risk that our major contractors and service providers may experience financial or other difficulties, which may affect their ability to discharge their obligations, thus delaying the completion of their work which may result in additional costs for us or the funds or investment vehicles we manage. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Any failure, inadequacy and security breach in our computer systems and servers may adversely affect our business.

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices, most of which are connected through computer systems and servers to our centralised data centres. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend, in part, on its ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to, and received by, our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We continue to assess the adequacy of our computer systems and implement improvements to our platform. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate changing times.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we have employed significant resources to develop our security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems. Our computer systems, servers and software, including software licensed from vendors and networks, may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, including tenant data, employee data and proprietary business data, for which we could potentially be liable. Any failure to effectively maintain, improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly, are disabled, or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business, which could have a material adverse effect on our business, financial condition, results of operation, performance and prospects.

We may fail to effectively manage confidential information received from our tenants and capital partners, which could harm our reputation, our relationships with tenants or capital partners and our business.

In the normal course of business, we obtain confidential information from our tenants in connection with the leases they enter into, and from our capital partners in connection with their investments in the funds and investment vehicles we manage. Our efforts to protect this information may be unsuccessful due to employee errors or malfeasance, technical malfunctions, the actions of third parties (such as hacking and other cyber-attacks) or other factors. Failure to protect the confidential information of our tenants or capital partners could expose us to liability, harm our reputation and deter current and potential tenants and capital partners from doing business with us, which could have a material adverse effect on our business, financial condition, results of operation, performance and prospects.

We may not be able to prevent the unauthorised use of our intellectual property and may be subject to intellectual property infringement or misappropriation claims, which could harm our business and competitive position.

We regard our trademarks, domain names and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our trademark applications will be approved, that any issued trademarks will adequately protect our intellectual property, or that such trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

In addition, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against these claims and proceedings is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims

and proceedings cannot be predicted. If a judgement, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

We are subject to extensive occupational health and safety regulations, which could impose significant costs or liabilities on us.

The owners of the Portfolio Assets, whether it be us with respect to our directly held properties or the portfolio companies with respect to the properties that are held by the funds and investment vehicles we manage, have obligations under the various occupational health and safety regulations in the PRC, Japan, South Korea, Singapore, Australia and India. While appropriate risk management procedures, training and introduction programmes (for employees, construction workers and third party contractors) are in place at all of the Portfolio Assets, any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities, and our ability to attract tenants and employees, which in turn could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. Even if we are in compliance with applicable occupational health and safety regulations, any significant health and safety incident, such as bodily injury or death, may still lead to negative publicity and trigger scrutiny from regulatory agencies or authorities.

If more stringent labour laws or other industry standards in APAC become applicable to us, our business, financial condition, results of operations, performance and prospects may be adversely affected.

APAC generally has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. In addition, we may be subject to certain industry standards regarding our employees. Our employees may in the future form unions. If these labour laws or industry standards become more stringent or are more strictly enforced, or if our employees unionise, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have a material adverse effect on business, financial condition, results of operations, performance and prospects. See "*— Failure to fully comply with labour dispatch regulations in the PRC may expose us to potential penalties.*"

Further, the introduction of legislation imposing new restrictions on working hours or conditions of workers in general or in the logistics real estate industry and fund management industry could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

The occurrence of a contagious disease or any other serious public health concerns around the world, and particularly in APAC, could affect our business, financial condition, results of operations, performance and prospects.

Some cities where we operate have previously been subject to, or may be under the threat of, contagious diseases such as Severe Acute Respiratory Syndrome, H5N1 avian flu, H1N1 human swine flu, Middle East respiratory syndrome coronavirus (MERS-CoV), the Zika virus and the 2019 novel coronavirus (COVID-19). An outbreak of a health epidemic or contagious disease could result in

a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect our business, financial condition and results of operations. In 2003, there was an outbreak of SARS in Hong Kong, the PRC and other Asian countries. The SARS outbreak in 2003 had a significant adverse impact on the economies of many of the affected countries. There have also been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been outbreaks among humans of the H1N1 human swine flu, also known globally as influenza A (H1N1).

Since December 2019 and as of the date of this Offering Circular, there is an on-going pandemic of COVID-19 in many countries, including the PRC, Japan, South Korea, Singapore, Australia and India. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence, has significantly exceeded those observed during the SARS epidemic that occurred from November 2002 to July 2003. Although we remain operational amidst the COVID-19 pandemic, efforts to minimise entry into offices of our staffs and employees may lead to a disruption of our business if prolonged. Although the disruption caused by COVID-19 to our development and operating projects has been minimal and there is no sustained shutdown of projects after April 2020, there have been temporary delays on selected development projects. Furthermore, while we are currently seeing an increase in the demand for e-commerce services in the APAC countries that we operate in since the start of the outbreak, in part due to the imposition of quarantines, lockdowns or other movement control measures, there could be a material adverse effect on the economies of the areas where we operate in the long term, which could in turn have a material adverse impact on our business, financial condition, results of operations, performance and prospects.

In addition, due to travel and transportation restrictions, our ability to adequately staff, manage and/or maintain any of our logistics properties may be adversely affected if the pandemic is prolonged. An uncontained spread of COVID-19 to or within any other countries where our logistics properties are located may potentially disrupt our services and operations, and materially decrease the demand for our logistics properties. In response to the economic slowdown caused by the spread of COVID-19, a number of governments (including the Singapore government) have revised GDP growth forecasts for 2020 downward, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession despite monetary and fiscal interventions by governments and central banks globally. However, given the uncertainties as to the development of the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will exist and the extent to which we may be affected. Should the disruption continue or the extent of such disruption become more severe, we may experience delays in construction completion and delivery of our projects, which would in turn result in a delay in the start of new leases. Furthermore, if any of our logistics facilities or properties are identified to be clusters for COVID-19 or are located in any country where the spread of COVID-19 becomes or may become uncontained, such facilities may be required to be suspended or closed, and accordingly our tenants may request or file proceedings to terminate the lease agreements based on change of circumstances, subject to court judgments. Any of these circumstances could lead to decreased demand for our logistics properties, and in turn have a material adverse impact on our business, financial condition, results of operations, performance and prospects.

Apart from the on-going COVID-19 pandemic, there can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future in the markets where we operate or that may affect us, nor can there be any assurance that any precautionary measures taken against infectious diseases will be effective. If such an outbreak or pandemic were to occur again, together with any resulting restrictions on travel and/or imposition of quarantines, it could have a negative impact on the economy and business activities in areas where we operate, which could in turn have a material adverse impact on our business, financial condition, results of operations, performance and prospects.

Terrorist attacks, civil unrest, hostilities, and other acts of violence or war, and adverse political developments may affect our business, financial condition, results of operations, performance and prospects.

Terrorist activities have contributed to the substantial and continuing economic volatility and social unrest in APAC. Any developments stemming from these events or other similar events could cause further volatility. Any significant military response by relevant governments or any further terrorist activities could also materially and adversely affect international financial markets and the economies of the countries where we operate and may adversely affect our operations, revenues and profitability. Local civil disturbances witnessed in certain countries, such as India, and any future civil unrest and any other adverse social, economic or political events could have an adverse effect on our business. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

RISKS RELATING TO OUR BUSINESS IN THE PRC

We may face penalties for the non-registration of our lease agreements with tenants and the lease agreements for the properties we lease in the PRC.

Pursuant to the Law on the Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**"), promulgated by the Standing Committee of the National People's Congress ("**NPC**") on 5 July 1994 and last amended on 26 August 2019, lease agreements are required to be filed for registration and record with the relevant real estate administration authorities. The registration of lease agreements requires cooperation of the tenants and lessors, including the provision of various original documents to the relevant local authority by the tenants and lessors , such as: (i) the original or certified copy of land use right certificate (for our lessors); (ii) the original or certified property title certificate (for our lessors); (iii) the original or certified copy of business licences (for our tenants or lessors); and (iv) the original or certified copy of personal identification of the legal representatives (for our tenants or lessors) to register the lease agreements with the local government authorities.

While we have been trying to register these lease agreements throughout the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, our tenants or lessors were not willing to cooperate primarily because the non-registration does not affect the validity of the lease agreements and due to the inconvenience caused by providing the various original documents. Furthermore, cooperating in the lease registration process was not a contractual obligation of our tenants under their lease agreements in the past. Non-registration does not affect our rights or entitlements to lease out the facilities to tenants, or the validity or the binding effect of the lease agreements over contracting parties. However, pursuant to the provisions of the Urban Real Estate Law, the lease agreements are required to be registered and recorded with the relevant local real estate administration authorities. Pursuant to the requirements of the PRC Administrative Measures of Commodity Property Leases (商品房屋租賃管理辦法) and relevant local rules, we may be subject to requests by the local authorities to complete the registration formalities and/or penalties for the non-registration of property lease agreements imposed by the local authorities. As of 30 June 2020, we had neither received a request from any government authority in the PRC to complete the registration formalities nor been penalised for the non-registration of our lease agreements. We intend to register lease agreements to the extent practicable. Nevertheless, there can be no assurance that we will not be subject to such penalties and/or requests for undertaking the registration formalities in the future, any of which could increase our costs.

The PRC government may require us to forfeit our land use rights or penalise us if we were to fail to comply with the development commencement deadline as specified in our land grant contracts and our land parcels were to be deemed idle lands by the PRC government.

We may fail to comply with the terms of land grant contracts with the PRC government due to a delay in commencing our developments or as a result of factors outside of our control. As a result of the non-compliance, if the land in question is deemed "idle" in accordance with the applicable laws, the PRC local governments may impose on us an "idle" land fee or require forfeiture of the land.

As of 13 October 2019, we had one land parcel of approximately 102,282 sqm of land area that was deemed idle land by the relevant PRC local government. Based on a confirmation letter issued by relevant competent PRC local government authority on 16 June 2017, the relevant PRC local government authority has confirmed that this particular land parcel was deemed as idle land. Pursuant to the investment agreement and land grant contract in connection with this particular land parcel, the PRC local government had the contractual obligation to deliver this land parcel to us with the necessary preparatory work completed by 1 March 2014. Such preparatory work included ground levelling and access to power supply, water supply and road transportation. However, the PRC local government was unable to deliver this land parcel with such preparatory work completed before the agreed deadline and as a result, we were unable to commence construction on this land parcel within the deadline for commencement of development as specified in the relevant land grant contract, resulting in the land parcel being deemed as idle land. As it was due to government actions that such land parcel was deemed as idle land, it is unlikely that the relevant PRC local government authority will forfeit our land use right thereof or impose an "idle land" fee or other penalties on us. Regardless of the foregoing, we cannot assure you that we will be able to comply with the PRC regulations and rules relating to idle land going forward. As a result, if the relevant PRC local governments were to require us to forfeit the relevant land or impose an "idle land" fee or other penalties on us, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, we may lose our ability to bid for adjacent land, and the existing tenants on such properties may initiate complaints or claims on us if they have to relocate as a result of potential forfeiture of the relevant land parcels by relevant PRC local governments. Because each parcel of land is unique, we may not be able to procure similar parcels of land. Any of these results could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

If we were to fail to commence or complete construction within a certain time period or develop property projects according to the investment criteria set forth in the land grant contracts and/or investment agreements, the PRC government may hold us liable for breach of contract.

We may fail to comply with the terms of land grant contracts and/or investment agreements with the PRC government due to a delay in commencing or completing our developments or as a result of factors out of our control. As a result of such non-compliance, the PRC local governments may hold us liable for breach of contract or terminate the relevant land grant contracts and/or investment agreements where the construction did not timely commence or complete pursuant to the agreed timeline. Additionally, failure by us to abide by any terms in the investment agreements may result in the cancellation of certain government subsidies granted to us, if any, under the relevant investment agreement.

If the relevant government authorities were to hold us liable for breach of contract or terminate the relevant land grant contracts and/or investment agreements, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, we may lose our ability to bid for adjacent land, and the existing tenants on such properties may initiate complaints or claims on us if they have to relocate as a result of potential forfeiture of the relevant land parcels by

relevant government authorities. Because each parcel of land is unique, we may not be able to procure similar parcels of land. Any of these results could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, pursuant to some of our land grant contracts and/or investment agreements with PRC local governments, we are required to develop property projects according to investment criteria set forth in the land grant contracts and/or investment agreements, including those relating to the total investment amount, the average investment amount per sqm, the total investment amount of fixed assets and the tax payable per sqm of the built-up areas. We cannot assure you that each of our projects under development will fulfil the investment criteria as specified in the relevant land grant contract and/or investment agreement. If we fail to develop a property project according to the investment criteria set forth in the land grant contract and/or investment agreement, the relevant PRC local government authorities may seek liquidated damages from us and/or reduce the land area in the land use right granted to us proportionately.

The actual or intended usage of some land or properties held by our PRC subsidiaries or by our joint ventures may not be in full compliance with legal zoning or usage requirements.

Certain land held by our PRC subsidiaries or our joint ventures for developing modern logistics facilities are zoned for "industrial or other usage" rather than for logistics use, and certain properties owned by our PRC subsidiaries or our joint ventures are used for logistics and warehousing purposes instead of their intended use on the relevant property or land certificates. Such intended development or actual use may be found by the PRC local governments to be incompatible with zoning or other legal designations and therefore penalties may be imposed on the relevant subsidiary or joint venture, such as administrative actions taken by relevant government departments to prevent continuing non-conforming use, including issuing warnings or rectification orders, imposing fines or forfeiture of land without compensation. If the relevant government authorities were to impose penalties on us or require us to suspend ongoing use of the land until further notice or forfeit the relevant land being used, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, our ability to bid for adjacent land could be lost, and the existing tenants on such properties may initiate complaints or claims against us if they have to relocate as a result of rectification orders or potential forfeiture of land parcels by the relevant government authorities. Because each parcel of land is unique, we may not be able to procure similar parcels of land. The occurrence of any of the foregoing could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

We may fail to obtain, or experience material delays in obtaining, requisite government approvals, licences and permits for our properties under construction.

To construct a logistics facility, our relevant PRC subsidiaries and joint ventures must obtain permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of land acquisition and construction, including land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and filing forms of completion inspection. In particular, before commencement of construction work for our logistics properties, we are required to obtain the project approval, construction works planning permit and construction works commencement permit, among other approvals, licences and permits. Most of these licences are subject to examination or verification by governmental authorities and are valid only for a fixed period of time subject to renewal and accreditation.

Obtaining such approvals may require substantial expense, and any non-compliance may expose us to liability. In the event of non-compliance, we may have to incur significant expense and divert substantial management time to rectify the incidents.

In the future, if we were to fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licences and permits for our properties under construction, we may be subject to fines, suspension of construction work or the suspension of operations of the logistics properties that do not have all the requisite licences and permits, which could materially and adversely affect our investment in our PRC subsidiaries and joint ventures and the schedule of development and commencement of our leasing operations could be substantially disrupted, resulting in a material adverse effect on our business, financial condition, results of operations, performance and prospects. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

In the future, we may not be able to obtain all the land use rights certificates and building ownership certificates for our logistics properties under construction.

Although our PRC subsidiaries had obtained the land use rights certificates, building ownership certificates and/or real property ownership certificates for all of our completed properties in operation pursuant to relevant PRC laws and regulations, we cannot assure you that we will be able to obtain: (i) the land use rights certificates or real property ownership certificates (with respect to the registration of land use rights) for our properties under construction; or (ii) the building ownership certificates or real property ownership certificates (with respect to the registration of land use rights as well as building ownership) for such properties after the completion of the construction work. If we are not able to obtain land use rights certificates or real property ownership certificates (with respect to the registration of land use rights) before the commencement of construction work and/or building ownership certificates or real property ownership certificates (with respect to the registration of land use rights as well as building ownership) after the completion of construction work for the relevant properties under construction: (i) the users of the relevant properties may claim against us for losses they suffer; (ii) we may be required to vacate the relevant properties which, to the extent that any of the relevant properties are leased to our tenants, may also affect our ability to continue to perform our obligations under the lease agreements; and/or (iii) we may be prohibited from transferring the land use rights or building ownership rights of such properties or set mortgages on such properties. In addition, if the failure to obtain such certificates is due to violation of any other law or regulation, the competent PRC government authority may impose liabilities on our relevant PRC subsidiaries and joint ventures pursuant to the applicable law or regulation. Any such consequences could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

Land use right in the PRC is not perpetual, and the PRC government may redesignate the usage of land that has been granted to us.

In the PRC, land use rights are granted by the government with a limited term. Under PRC laws, the maximum term of land use rights is 70 years for residential use, 50 years for industrial, warehousing or mixed use and 40 years for commercial use. A substantial portion of the land use rights for our directly held properties, including our completed properties, properties under construction and GFA on land held for future development, are for industrial or warehousing use and will expire between 2053 and 2069. It remains uncertain as to what will happen when such land use rights expire. To the extent we are required to make substantial payment to renew these land use rights, our financial condition may be materially and adversely affected. In addition, if we are unable to renew these land use rights, we may need to obtain alternative locations, which in turn may materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, we are subject to the Urban and Rural Planning Law of the PRC (Revised in 2019) (城鄉規劃法) promulgated by the Standing Committee of the NPC on 23 April 2019, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and

development purposes. When a government re-zones land that has been granted to us, we may be required to revise our original design and development plans that were approved before, or such parcel of land may be swapped for another parcel, thereby affecting the development timeline and costs of the entire project. There can be no assurance that relevant local governments will not change the zoning of certain land that we have already acquired, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The establishment and operation of funds and investment vehicles in the PRC are subject to tightened legal restrictions and prolonged regulatory approval procedures, which may adversely affect our fund management business in the PRC.

In the PRC, pursuant to Law of Security and Investment Fund of the PRC (中華人民共和國證券投資基金法) promulgated by the Standing Committee of the NPC on 28 October 2003 and latest updated on 24 April 2015, a manager of a private fund shall undergo registration formalities with the Asset Management Association of China (the "**AMAC**"). Such manager of fund shall be the responsible entity for the filing of fund or investment vehicle with the AMAC. However, it typically takes a long time for a manager of a private fund to complete the registration and filing with the AMAC due to the highly regulated nature of the fund management industry. The AMAC has released series of regulations on the registration of a manager of a private fund and filing of the formation of a fund. Pursuant to the Notice on Registration of Manager of Private Investment Fund (私募基金管理人登記須知) promulgated by the AMAC in December 2017 and updated in December 2018, to apply for and complete the registration with the AMAC, the manager of a private fund shall meet certain requirements, including but not limited to: (i) it being duly incorporated and validly existing; (ii) it having in its registered business scope "fund management", "investment management", "asset management", "equity interest investment", "venture capital investment" or other description of similar nature; (iii) its principal business being professional and clear; (iv) it having established certain requisite systems, as relevant to its actual business, including, without limitation, risk management systems, disclosure systems, internal control systems, and sound accounting systems; and (v) it having obtained a certificate of security practice of senior management of a manager of private fund. Pursuant to the Measures on Registration of Manager of Private Investment Fund and Filing of Fund (Trial Implementation) (私募投資基金管理人登記和基金備案辦法(試行)) promulgated by the AMAC on 17 January 2014, (i) with respect to the registration of a manager of fund, the manager of fund shall submit required documents online through the electronic application system of the AMAC. The AMAC will review the submitted materials and request clarification if such materials are incomplete or failing to meet requirements. The AMAC is entitled to take the following actions to review such materials: interview the senior management of the manager of a fund, on-site inspection, and consultation with the China Security Regulatory Commission and its agencies or relevant professional associations. If the materials submitted by the manager of the fund are full and complete, the AMAC will, within 20 working days after receipt of such full and complete materials, complete the registration formalities by publishing the information of the manager on its website; and (ii) with respect to the filing of a fund, within 20 working days after completion of fundraising, the manager of the fund shall submit required documents online through the electronic application system of the AMAC, and the AMAC will review the materials submitted online and request clarification if such materials are incomplete or fail to meet requirements. If the materials submitted by the manager of the fund are complete and meet the requirements, the AMAC will, within 20 working days after receipt of full and complete materials, complete the filing formalities by publishing the information of the private fund on its website. We are in the process of setting up our third PRC core fund. In light of the lengthy application procedures as described above, if we were to fail to obtain the approvals, licences, permits or qualifications required for establishing the proposed PRC core fund from relevant regulators in the PRC due to any tightened legal restrictions or prolonged regulatory approval procedures or otherwise, our implementation of our core and core-plus strategy in the PRC may be delayed.

In addition, additional regulatory approvals, licences, permits or qualifications for fund management business may be required by relevant regulators in the PRC in the future, and some of our current approvals, licences, permits or qualifications are subject to periodic renewal. The failure to obtain or maintain our required approvals, licences, permits or qualifications could adversely affect our business, financial condition and results of operations. Furthermore, the relevant regulatory requirements in the fund management industry are evolving and subject to change or different interpretations by relevant government authorities, all of which are out of our control. As a result, we cannot assure you that in the future we will be deemed compliant with applicable regulatory requirements relating to the fund management industry in the PRC at all times. Material incidents of non-compliance with fund management regulatory requirements in the PRC may subject us to sanctions, fines, penalties, disqualification for our existing fund management business in the PRC or non-renewal of our qualifications upon expiry, or other administrative penalties, regulatory actions and self-disciplinary actions by the PRC regulatory authorities, which may harm our reputation and materially adversely affect our business, financial condition, results of operations, performance and prospects.

We may fail to contribute to the registered capital of our PRC subsidiaries or experience material delays in contributing to the registered capital of our PRC subsidiaries.

Following the recent amendments to the Company Law of the PRC, which came into force on 1 March 2014, foreign invested enterprises ("**FIEs**") are no longer subject to any major statutory restrictions in terms of capital contribution, except for companies in certain industries which are subject to special requirements in respect of paid-in capital. For FIEs established before 1 March 2014, the shareholders are entitled to amend the constitutional documents (e.g. joint venture contracts and articles of association) if such constitutional documents set forth any time schedule in connection with capital contribution. In contrast, for FIEs in specially-regulated industries, the failure to contribute capital pursuant to legal requirements may still subject us to governmental penalties.

Some of our PRC subsidiaries were established before 1 March 2014. Such companies may amend their joint venture contracts and/or articles of association in respect of the schedule for capital contribution, if so needed, and file such amendment to the competent subordinates of the Ministry of Commerce of the PRC ("**MOFCOM**").

Currently, there is no clear PRC law or regulation on governmental penalties in connection with failure of making capital contribution pursuant to joint venture contracts and/or articles of association for companies outside the specially-regulated industries, except that pursuant to Article 199 of the Company Law of the PRC (公司法), promulgated by the Standing Committee of the NPC and effective as of 26 October 2018, if a promoter or shareholder of a company fails to contribute money or non-monetary assets as registered capital or fails to contribute such on time, the relevant company registration authority has the power to request rectification. It is possible that new PRC laws or regulations may be promulgated in the future imposing more stringent requirements and liabilities, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The legal system in the PRC embodies uncertainties which could limit the legal protections available to us.

The legal system in the PRC is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in the PRC evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies. Our subsidiaries incorporated in the PRC are subject to laws and regulations applicable to foreign investment in the PRC in general, as well as specific laws and regulations

applicable to FIEs. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the mainland Chinese legal system, particularly with regard to logistics real estate industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business in the PRC and impede our ability to continue our operations in the PRC. Furthermore, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

We may be classified as a "resident enterprise in mainland China" for mainland Chinese enterprise income tax purposes, which could result in unfavourable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the People's Republic of China Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the "**EIT Law**"), which became effective on 1 January 2008, an enterprise established outside mainland China whose "de facto management body" is located in mainland China is considered a "resident enterprise in mainland China" and will generally be subject to the uniform 25 per cent. enterprise income tax rate (the "**EIT rate**"), on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organisation body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On 22 April 2009, the State Administration of Taxation (the "**SAT**") released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) ("**SAT Circular 82**") that sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China. Further to SAT Circular 82, on 27 July 2011, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (境外註冊中資控股居民企業所得稅管理辦法（試行）) ("**SAT Bulletin 45**"), to provide more guidance on the implementation of SAT Circular 82; the bulletin became effective on 1 September 2011 and revised on 27 April 2015. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

Under SAT Circular 82, a foreign enterprise controlled by a mainland Chinese enterprise or mainland Chinese enterprise group is considered a mainland Chinese resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within mainland China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in mainland China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within mainland China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within mainland China.

Although SAT Circular 82 and SAT Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups, Circular 82 may reflect SAT's criteria for

determining the tax residence of foreign enterprises in general. If mainland Chinese tax authorities determine that we were treated as a resident enterprise in mainland China for mainland Chinese enterprise income tax purposes, the 25 per cent. mainland Chinese enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

Laws and regulations in mainland China establish more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in mainland China.

A number of mainland Chinese laws and regulations, including the M&A Rules, the Antimonopoly Law (反壟斷法) promulgated by the Standing Committee of the NPC in August 2007, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) promulgated by MOFCOM in August 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make merger and acquisition activities in mainland China by foreign investors more time-consuming and complex. These include requirements in some instances that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by enterprises or residents in mainland China acquire affiliated domestic companies. Mainland Chinese laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

We have grown and may continue to grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defence and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in mainland China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinised or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

The heightened scrutiny over acquisition transactions by tax authorities in mainland China may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice of State Administration for Taxation on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ("**SAT Circular 698**") issued by the SAT in December 2009 with retroactive effect from 1 January 2008, where a non-resident enterprise transfers the equity interests of a mainland Chinese resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company (an "**Indirect Transfer**"), and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5 per cent., or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the mainland Chinese resident enterprise this Indirect Transfer. Using a "substance over form" principle, the mainland Chinese tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring mainland Chinese tax.

On 28 March 2011, the SAT released the SAT Public Notice on Certain Issues of Administration of Enterprise Income Tax of Non-Resident Enterprises (2011) No. 24 (國家稅務總局關於非居民企業所得稅管理若干問題的公告) ("**SAT Public Notice 24**"), which became effective on 1 April 2011, to clarify several issues related to SAT Circular 698. According to SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

On 3 February 2015, the SAT issued the Announcement of the SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) ("**SAT Circular 7**"), which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the mainland Chinese tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of mainland Chinese taxable assets. Under SAT Circular 7, the tax authorities in mainland China are entitled to reclassify the nature of an indirect transfer of mainland Chinese taxable assets, when a non-resident enterprise transfers mainland Chinese taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such mainland Chinese taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of mainland Chinese enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of mainland Chinese taxable assets by acquiring and selling shares of an overseas listed company which holds such mainland Chinese taxable assets on a public market; and (ii) where there is an indirect transfer of mainland Chinese taxable assets, but if the non-resident enterprise had directly held and disposed of such mainland Chinese taxable assets, the income from the transfer would have been exempted from enterprise income tax in mainland China under an applicable tax treaty or arrangement.

On 17 October 2017, the SAT issued the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) ("**SAT Circular 37**"), which became effective on 1 December 2017 and abolished SAT Circular 698 as well as certain provisions in SAT Circular 7. Pursuant to SAT Circular 37, where the party responsible to deduct such income tax did not or was unable to make such deduction, the non-resident enterprise receiving such income should declare and pay the taxes that should have been deducted to the relevant tax authority. The taxable gain is calculated as the income from such transfer net of the net book value of equity interest.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the mainland Chinese tax authorities will not, at their discretion, adjust any capital gains or impose tax return filing obligations on us or require us to provide assistance for the investigation of mainland Chinese tax authorities with respect thereto. Any mainland Chinese tax imposed on a transfer of our shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

We may be subject to land appreciation tax in connection with an equity transaction which in substance may be treated as an asset transaction.

In the PRC, we acquire land-use rights directly from the local governments. Our property transfer activities are subject to land appreciation tax ("**LAT**") with respect to the appreciated value of the land.

LAT applies to both domestic and foreign investors in the sale of properties on which developments are completed in the PRC, and is levied at progressive rates ranging from 30 per cent. to 60 per cent. of the appreciation of land value after deducting allowed costs and expenses. In addition, our subsidiaries may be subject to LAT when selling properties that are still under construction and the rate of LAT so levied is calculated based on rates and formulas local tax authorities implement. As a result, our results are susceptible to any significant increase in LAT expenses, which depends on the level of appreciation in land value as well as the amount of deductible costs and expenses, such as land premium and applicable property development costs. Furthermore, if we sell properties by way of equity transfer, the applicable tax authority may deem such equity transfer subject to LAT as the underlying assets of such equity are land use rights and property thereon. During the financial years ended 31 December 2018 and 2019 and six months ended 30 June 2020, we have not been required to make any payments for LAT. However, we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us, especially with regard to any equity transfer which involves land as the underlying asset and which in substance may be treated as an asset transaction. Our financial condition and results of operations may be materially adversely affected if our LAT as calculated by the relevant tax authorities are substantially higher than our provisions.

The PRC government's pilot plan to replace the business tax with a value added tax ("VAT") may require us to pay more taxes, which could have a material adverse effect on our financial condition and results of operations.

Pursuant to the People's Republic of China Provisional Regulations on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council on 13 December 1993, taxpayers providing taxable services falling under the category of service industry in mainland China are required to pay business tax at a normal tax rate of 5 per cent. of their revenues. On 16 November 2011, the Ministry of Finance and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業稅改徵增值稅試點方案). Pursuant to this plan and relevant notices, from 1 January 2012, a VAT was imposed to replace the business tax in the transport and shipping industry and some of the modern service industries in certain pilot regions. Under the pilot plan, a VAT rate of 6 per cent. applies to some modern service industries. On 23 March 2016, the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開運營稅改徵增值稅試點的通知) was issued, pursuant to which the pilot plan for the replacement of business tax with VAT was expanded to all regions and industries as of 1 May 2016. Our subsidiaries incorporated in the PRC that are granted VAT general taxpayer status may be subject to a VAT rate of 6 per cent. for sale of service, or a VAT rate of 10 per cent. for sale and/or leasing of real estate. This may have an adverse effect on our financial condition and results of operations.

The PRC regulations on loans and direct investment by offshore holding companies to mainland Chinese entities may delay or prevent us from using the proceeds of the Offering to make loans or additional capital contributions to our subsidiaries incorporated in the PRC, which could materially and adversely affect their liquidity and our ability to fund and expand our business.

We may transfer funds to our subsidiaries incorporated in the PRC or finance them by means of shareholders' loans or capital contributions after completion of the Offering. Any loans to our subsidiaries incorporated in the PRC, which are FIEs, cannot exceed statutory limits and shall be registered with the SAFE or its local counterparts.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**"), which will replace Circular 142 from 1 June 2015. Circular 19, however, allows foreign invested enterprises with investment as the main business in the PRC to use their registered capital settled in RMB converted from foreign currencies to make equity investments, but the registered capital of a foreign invested company settled in RMB converted from foreign currencies remains not allowed to be used for investment in the security markets, offering entrustment loans or purchases of any investment properties, unless otherwise regulated by other laws and regulations. Circular 19 may limit our ability to utilise the net proceeds from the Offering if we are to inject such net proceeds to our subsidiaries incorporated in the PRC which are FIEs to increase their registered capital.

We may be subject to penalties if our resident shareholders or beneficial owners in mainland China fail to comply with relevant mainland Chinese foreign exchange regulations.

The SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**Circular 37**"), effective on 4 July 2014, which replaced the previous Notice on Relevant Issues Concerning Foreign Exchange Administration for the People's Republic of China Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**Circular 75**"). Circular 37 requires mainland Chinese residents, including mainland Chinese individuals and institutions, to register with the SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such mainland Chinese residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such residents in mainland China must update their foreign exchange registrations with the SAFE or its local branches when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such mainland Chinese individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a mainland Chinese resident as determined by Circular 37, fails to make the required foreign exchange registration with a local SAFE branch, the mainland Chinese subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its mainland Chinese subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under mainland Chinese laws for evasion of applicable foreign exchange restrictions.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are mainland Chinese residents, and therefore, we may not be able to identify all our shareholders or beneficial owners who are mainland Chinese residents in order to ensure their compliance with Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are residents in mainland China will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are residents in mainland China comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our shareholders who are residents in mainland China as determined by Circular 37 fail to make

the required foreign exchange registration with local SAFE branches, our mainland Chinese subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our subsidiaries in mainland China, which may adversely affect our business.

Restrictions on the remittance of RMB into and out of the PRC and governmental control of currency conversion may limit our ability to make payments under the Perpetual Securities.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of the PRC. We generate a considerable portion of our revenue in RMB, and may need to convert a portion of our cash and cash equivalents from RMB into other currencies in the future to meet our foreign currency obligations, such as payments under the Perpetual Securities. Shortages in the availability of foreign currency may restrict the ability of our subsidiaries incorporated in the PRC to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system in the PRC prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, this may limit our ability to make payments under the Perpetual Securities. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of the PRC.

Failure to fully comply with labour dispatch regulations in the PRC may expose us to potential penalties.

Pursuant to the Labour Contract Law of the PRC (中華人民共和國勞動合同法) promulgated by the Standing Committee of the NPC on 29 June 2007 and amended on 28 December 2012 ("**Labour Contract Law**") and its amendments, dispatched labour is intended to be a supplementary form of employment and the primary form of employment by enterprises and organisations that hire employees should be direct employment. Further, it is stated in the Interim Provisions on Labour Dispatch (勞務派遣暫行規定) (the "**Interim Provisions**") that became effective on 1 March 2014 that the number of dispatched workers an employer uses may not exceed 10 per cent. of its total labour force and the employer has a two-year transition period starting from 1 March 2014 to comply with such requirement. As of 30 June 2020, we had a total of one dispatched worker in one material subsidiary in the PRC. We have been trying to cease using dispatched workers. However, we cannot assure you that we can successfully stop using dispatched workers in all of our PRC subsidiaries and that PRC governmental authorities will not impose penalties on the relevant subsidiaries, which could have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS IN JAPAN

Our Japanese operations and real estate may be disrupted due to earthquakes, typhoons or other natural disasters.

Japan is susceptible to earthquakes and typhoons, and has experienced several large earthquakes that have caused extensive property damage. For example, Japan has historically experienced

numerous large earthquakes that have resulted in extensive property damage, such as the Great East Japan Earthquake of March 2011, which resulted in a tsunami and leakage of radioactive material at the Fukushima nuclear power plants, and a series of earthquakes that occurred on or after 14 April 2016 centering on Kumamoto prefecture, which caused major manufacturers' plants and facilities in the region to suspend production. More recently, Japan has experienced significant earthquakes in Osaka in June 2018 and in Hokkaido in September 2018 which caused extensive property damage in surrounding areas and electricity outage in the case of Hokkaido. Japan is also prone to typhoons, such as a typhoon that hit across Japan in September 2018 which caused Kansai International Airport to be out of operation for several days. The typhoon also caused damage to our logistics properties in Osaka. Any events resulting from a similar earthquake, such as aftershocks, tsunamis, electric outages or radiation leakages, or floods or storm surges caused by typhoons could have a catastrophic effect on our facilities in Japan and our ability to operate such facilities, the businesses of our tenants in Japan, especially where those facilities are located on reclaimed lands that are vulnerable to earthquake, tidal surges or rising sea waters, or the Japanese economy in general and the global supply chain. In turn, this could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. Furthermore, we might also be liable for losses claimed from our tenants that were incurred due to our damaged properties. These potential liabilities could also have a material adverse effect on our results of operations.

The Japanese real property registration system may not accurately reflect the ownership of the real property-related title or right.

Japan has a system of registering the ownership of real property (which includes land and buildings) as well as certain other real property-related rights, such as security rights over real property and easements, pursuant to which an unregistered owner of real property or an unregistered holder of certain other rights cannot assert its title or such rights against a third-party in principle. However, the real property register does not necessarily reflect the true owner of the real property-related title or right. In practice, parties who plan to enter into a real property transaction usually rely upon the register, as it is generally the best indication of the true owner of the real property-related title or right. However, a party has no recourse to anyone but the seller if, relying on the register, it purchases the property or a related right from a seller and the information contained in the register turns out to be incorrect. The purchaser may claim for damages against the seller pursuant to statutory warranties or contractual warranties, but, in general, cannot acquire the ownership of, or title to, the real property from the real owner. Imperfect title to one or more of our facilities in Japan could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We may be exposed to risks associated with dividend deduction requirements for TMKs in Japan.

In Japan, we invest in logistics properties in Japan through TMKs (*Tokutei Mokuteki Kaisya*). For a TMK to avail itself of the dividend distribution deduction tax treatment, the TMK must meet certain initial requirements when it is established and must continue to meet certain annual requirements in accordance with the Special Taxation Measures Law of Japan. One of these annual requirements is that a TMK should distribute more than 90 per cent. of its distributable profits for each fiscal year (the "**TMK Distribution Requirement**"). The TMK Distribution Requirement is based on the amount of audited pre-tax profits of the TMK in Japan. While we will work closely with the professional advisers to the TMKs we invest in to minimise any tax costs due to the differences between tax and accounting treatments, there can be no assurance that such tax costs can be entirely eliminated. Accordingly, the TMKs we invest in may bear excessive tax costs, in which case the TMKs we invest in may not have sufficient cash to distribute dividends and hence may fail to satisfy the TMK Distribution Requirement. In the event that the TMKs we invest in are unable to meet the TMK Distribution Requirement, we will

not be able to deduct the dividend distributions of the TMKs we invest in from our taxable income of the TMKs we invest in as deductible expenses. Instead, the TMK would have to make dividend distributions after its taxable income has been subject to Japanese corporate income tax at the regular rate. This will reduce the amount of distributions to us, and could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Some of the Portfolio Assets are currently held or may be held in the form of a property or trust beneficiary co-ownership interest, and rights relating to such properties may be affected by the intentions of other owners.

We, or the funds and investment vehicles we manage, own or may acquire interests in some properties in the form of a property co-ownership interest (*kyōyū-mochibun*) with third parties in the future in Japan. Management of co-owned properties is conducted by a majority of the co-owners, weighted according to ownership proportion, unless otherwise agreed among the co-owners. Thus, if we, or the funds and investment vehicles we manage, do not own a majority interest in a property, our policies concerning management and operation of the property may not be executed. Furthermore, since co-owners can in some instances use the entire co-owned property, depending on the proportion of the ownership, our ownership or use of the property may be prevented if a co-owner possesses and exercises such right. Under Japanese law, a co-owner of a property has the right to sell its interest in the property without the consent of other co-owners, unless there is an agreement between the co-owners that requires such consent or grants a right of first refusal. In general, a co-owner has the right to demand that such property be partitioned. Although special provisions may be included to contractually prohibit the exercise of such right of partition, such provisions are only valid for a period of five years. If a co-owner of one of the Portfolio Assets becomes subject to bankruptcy proceedings, corporate reorganisation or civil rehabilitation proceedings, the trustees in the proceedings of such co-owner may have the right to demand that such property be partitioned. Although the other co-owners of the property may, if so agreed, have a right of first refusal to purchase the ownership interests of the defaulting or selling co-owner, we, or the funds and investment vehicles we manage may not be able to exercise such rights on favourable terms. In addition, a sale of the property co-ownership interest held by us or the funds and investment vehicles we manage under such circumstances may result in liquidation proceeds that are less than the fair value of such property or interests being sold, which may have an adverse effect on our business, financial condition, results of operations, performance and prospects.

A co-owner of a property may mortgage its interest in the property. However, such mortgage becomes applicable to the entire property when the co-owned property is partitioned. Accordingly, each of the co-owners in such case would be subject to such mortgage in proportion to its ownership interest. There is a risk that the interest held by us or the funds and investment vehicles we manage in a property that was formerly owned through a property co-ownership interest and owned by us or the funds and investment vehicles we manage independently following a partition may be subject to a mortgage that was placed on it by another co-owner. We, or the funds and investment vehicles we manage, may also bear the credit risk of a co-owner in case, for example, there is a contractual arrangement under which the rent is paid from a lessee to the co-owner, which in return pays a portion of such rent to us, or the funds and investment vehicles we manage.

In addition, when the properties in Japan are owned or acquired as trust beneficiary interests in properties in the form of co-ownership (*jun-kyōyū-mochibun*) with other trust beneficiaries, restrictions similar to those associated with property co-ownership interests are applicable. For example, a holder of a trust beneficiary co-ownership interest may choose to dispose of such interest to a third party if it receives consent from the trustee, thus allowing for the possibility of having a co-owner that we would prefer not to have. In addition, unless there is an agreement among the holders of the trust beneficiary

co-ownership interests, there is a possibility that an owner may not be able to have its opinions reflected in the instructions provided to the trustee pursuant to the trust agreement or that a holder of trust beneficiary co-ownership interests may be liable for the full amount of liabilities to the trustee unpaid by other holders. Any such risks may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The ownership rights in some of the Portfolio Assets may be declared invalid or limited.

The Portfolio Assets in Japan are either directly held by a TMK structure under which the title to the property is registered in the name of TMKs, or held in a trust structure under which the title to the property is or will be registered in the name of the trustee. However, such registration of title does not guarantee absolute ownership under Japanese law. For example, if the former owner of a Portfolio Asset subsequently becomes subject to bankruptcy, corporate reorganisation or civil rehabilitation proceedings, we or the funds and investment vehicles we manage could face a claim for avoidance or fraudulent conveyance. If, for example, we or the funds and investment vehicles we manage acquired a Portfolio Asset while the seller or former owner was insolvent, or if as a result of the sale of a Portfolio Asset to us or the funds and investment vehicles we manage, the seller becomes insolvent, we or the funds and investment vehicles we manage may be required to return that Portfolio Asset or beneficiary interest in that Portfolio Asset to the seller or former owner without full refund of the purchase price, or we or the funds and investment vehicles we manage may have to pay a significant amount of money to settle such claims. Further, if the former owner of a Portfolio Asset was or becomes unable to pay its debt at the time of the acquisition of that Portfolio Asset by us or the funds and investment vehicles we manage, the acquisition may be voided by the creditors of the former owner. We or the funds and investment vehicles we manage may also lose the beneficiary interest in a trust property if the seller or a former owner is found to have originally entrusted the property with a trustee to avoid having the property foreclosed by creditors. Although we or the funds and investment vehicles we manage do not believe that any of the Portfolio Assets are currently subject to significant risks of this type, these risks cannot be completely eliminated. As a result, future changes in the conditions of any owners or former owners of the Portfolio Assets could jeopardise the ownership interests held by us or the funds and investment vehicles we manage in the Portfolio Assets.

As title insurance is not customary in Japan, our ability to obtain protection from property ownership risks is limited. Moreover, because the rights and obligations attached to some of the Portfolio Assets are complicated, in part because of the manner in which we or the funds and investment vehicles we manage acquire and hold these properties, our ownership rights or the ownership rights of the funds and investment vehicles we manage in these properties may be declared invalid, or the rights held by third parties may limit our rights or the rights of the funds and investment vehicles we manage in these properties. For example, for tax reasons, when we purchase a property we may seek to delay the date on which we apply for transfer of property rights to be transferred to us on the public real estate register. Although we will seek to take steps such as pre-registering the property rights in order to ensure priority in the real estate register, during this period of delay we may not be able to assert our ownership in the event that the seller becomes insolvent. Any of these circumstances could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We, or the funds and investment vehicles we manage, may lose the rights in a Portfolio Asset or a property we, or the funds and investment vehicles we manage, intend to acquire if the purchase of the property is recharacterised as a secured financing.

Depending on the underlying facts and circumstances surrounding the purchase of a property, if a purchase cannot be construed as a "true sale" under Japanese law, it may be recharacterised as a

secured financing. In such case, the relevant property would be deemed to be an asset of the seller, and we, or the funds and investment vehicles we manage would lose the ownership interest in the property. We, or the funds and investment vehicles we manage would instead hold only a security interest in the property. Recharacterisation could occur when the seller becomes insolvent by way of bankruptcy, corporate reorganisation or civil rehabilitation proceedings. Under Japanese law, whether a purchase may be recharacterised as a secured financing is determined through a consideration of various factors, including, without limitation, the intention of the seller and purchaser, whether the seller recorded the purchased property on its balance sheet, whether the seller transferred the economic risk to the purchaser, and whether the seller and purchaser contracted a buy-back arrangement permitting the seller to reacquire the property. Although we have no reason to believe that the acquisition of any of the Portfolio Assets would be recharacterised as a secured financing, there is no guarantee that any such acquisition will not be recharacterised as a secured financing following a legal or regulatory proceeding.

RISKS RELATING TO OUR BUSINESS IN SOUTH KOREA

Escalations in tensions between South Korea and North Korea could have an adverse effect on us and the market value of the Shares.

Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there continues to be uncertainty regarding the long-term stability of North Korea's political leadership since the succession of Kim Jong-un to power following the death of his father in December 2011, which has raised concerns with respect to the political and economic future of the region. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programmes and increased uncertainty regarding North Korea's actions and possible responses from the international community. North Korea's economy also faces severe challenges, including severe inflation and food shortages, which may further aggravate social and political tensions within North Korea.

In addition, reunification of South Korea and North Korea could occur in the future, which would entail significant economic commitment and expenditure by South Korea that may outweigh any resulting economic benefits of reunification. On 27 April 2018 and 26 May 2018, Moon Jae-in, President of South Korea and North Korea's Kim Jong-un attended summits held in the Demilitarised Zone of the Korean peninsula. On 12 June 2018, the president of the United States Donald J. Trump and Kim Jong-un held a meeting in Singapore. The two leaders signed the "Joint Statement of President Donald J. Trump of the United States of America and Chairman Kim Jong Un of the Democratic People's Republic of Korea" at the Singapore Summit, which contains statements that they will work together towards building a peace regime on, and denuclearisation of, the Korean Peninsula. Furthermore, the two leaders of South and North Korea held the Inter-Korean Summit Meeting in Pyeongyang from 18 to 20 September 2018, and adopted the Pyeongyang Joint Declaration of September 2018, which contains the principle of independence and self-determination of the Korean nation, and agreed to consistently and continuously develop inter-Korean relations for national reconciliation and cooperation, firm peace and co-prosperity, and to make efforts to realise through policy measures the aspiration and hope of all Koreans that the current developments in inter-Korean relations will lead to reunification. In addition, the two leaders of United States of America and North Korea held summit meetings from 26 February 2019 to 28 February 2019 and on 30 June 2019. There can be no assurance that the level of tensions on the Korean peninsula will not escalate in the future. Any further increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between South Korea and North Korea break down or military hostilities occur, could have a material adverse effect on our operations.

While real property registration in South Korea creates a strong presumptive evidence of valid ownership, it may not be conclusive in exceptional circumstances.

The South Korean title registration for real estate (i.e. the land and the buildings on it) will be effective upon registration in the relevant registry of real estate managed by the court office which has jurisdiction over such real estate. Therefore, the registration as an owner on the relevant real estate registry will provide a strong presumption for the valid title of the owner.

The existence of a registration legally presumes that there exists a corresponding substantive right as well as a corresponding relationship between the former owner and the current owner as recorded within the registry. The current owner may defend his/her ownership, which is presumptively valid against the former owner as well as any third party who challenges his or her registered ownership. The party who challenges title holds the burden of proof, i.e. the challenging party must prove non-existence of rights or grounds of nullity of such registration of previous transactions, while the current owner only needs to prove the existence of its registration. The courts have in some cases reversed the presumption, such as (i) registration with the name of the dead or non-existing person, (ii) when it is proved that the registered person is not the same as the actual purchaser of the real estate, or (iii) when it is obvious that there is an impediment in the registration procedure. In addition to this strong presumption, the South Korean Civil Code provides for a certain prescription period whereby a purchaser may be protected if certain requirements are duly satisfied. Under the South Korean Civil Code, if a person who has been registered as an owner of the property has occupied the property peacefully, publicly, in good faith and without any fault for ten years with an intention to own such property, he/she will acquire the title to such property.

The level of risk associated with the ownership of real estate can thus be assessed to a certain extent based on the review of the current entry of the registry and the chain of preceding acquisitions. Sellers of South Korean properties (other than cases where the seller was designated as a developer of a logistics complex development project pursuant to the relevant law, in which case such designee has legal authority to acquire title to the land through expropriation with respect to the parcels that cannot be obtained through mutual agreements with former owner of the parcel) must match with the relevant entry in the registry at the time of signing and closing of the relevant transactions. Although we are not currently aware of any challenges that have been brought against the title to the Portfolio Assets in South Korea, we cannot assure you that the title to the Portfolio Assets in South Korea will not be challenged in the future or any challenging parties will not succeed in proving the non-existence of rights or grounds of nullity of such registration of previous transactions with respect to these properties. If any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be adversely affected.

RISKS RELATING TO OUR BUSINESS IN SINGAPORE

The borrowing limits for ESR-REIT and Sabana REIT may be exceeded if there is a downward revaluation of properties, which may have an adverse effect on our business, financial condition and results of operations.

A REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of Singapore, which provides that prior to 1 January 2022, the aggregate leverage of a REIT should not exceed 50.0 per cent. of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in units of the REIT). On or after 1 January 2022, the aggregate leverage limit is 45 per cent. of the REIT's Deposited Property, and the REIT's aggregate leverage may exceed this limit (up to a maximum of 50 per cent.) only if the REIT has a minimum adjusted interest coverage ratio (as defined

in the Property Funds Appendix) of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

ESR-REIT and Sabana REIT may, from time to time, require further debt financing to achieve their respective investment strategy. A substantial decline in the value of its portfolio may affect the ability of ESR-REIT or Sabana REIT, as the case may be, to make further borrowings due to the aggregate leverage limit under the Property Funds Appendix of Singapore. If either ESR-REIT or Sabana REIT were to be leveraged close to the leverage limit, it may:

- not be able to fund future acquisitions of properties or its capital expenditure requirements, including any refurbishments, renovation and improvements, asset enhancement initiatives and other development works, on its properties;

- not be able to fund working capital requirements which may further constrain its operational flexibility; or

- experience cash flow shortages which may have an adverse impact on its ability to satisfy its debt obligations.

If any of the foregoing were to occur, the business, financial condition and results of operations of ESR-REIT and/or Sabana REIT could be materially and adversely affected, which may result in a reduction in the management fee income of ESR Funds Management(s) Limited ("**ESR-REIT Manager**") and/or the Sabana Manager, as the case may be. As a result, our business, financial condition and results of operations may in turn be adversely affected as well.

We are not involved in the day-to-day operations of the ESR-REIT Manager or the Sabana Manager, and we cannot assure you that the ESR-REIT Manager or the Sabana Manager will successfully implement its investment and development strategy.

The ESR-REIT Manager and the Sabana Manager, the respective managers of ESR-REIT and Sabana REIT, employ strategies that include expanding the industrial property portfolios of the respective REITs in Singapore and expanding the portfolios to include industrial properties in overseas markets. Although we are a controlling shareholder of the ESR-REIT Manager and the Sabana Manager, we are not involved in the day-to-day business operations of either the ESR-REIT Manager or the Sabana Manager. We cannot assure you that the ESR-REIT Manager or the Sabana Manager will be able to expand the portfolios of the respective REITs they manage, or at any specified rate or to any specified size. The ESR-REIT Manager or the Sabana Manager may not be able to make investments or acquisitions on behalf of the respective REITs they manage on favourable terms in a desired time frame.

In addition, the ESR-REIT Manager or the Sabana Manager may from time to time initiate asset enhancement and/or development works on some of the properties held by the respective REITs they manage at the request of existing or pre-committed tenants or to attract new tenants. We cannot assure you that such plans for asset enhancement and/or development works will materialise, or in the event that they do materialise and are completed, that they will be able to achieve their desired results. The proposed asset enhancement initiatives are also subject to the respective REITs obtaining the approvals of the relevant authorities. Furthermore, the ESR-REIT Manager or the Sabana Manager may not be able to carry out the proposed asset enhancement initiatives within a desired timeframe, and any benefit or return which may arise from such asset enhancement initiatives may be reduced or lost. Despite the significant costs that may have been incurred by ESR-REIT or Sabana REIT, as applicable, in the course of such asset enhancement and/or development works, such properties may

still be unable to attract new tenants or retain existing tenants and pre-committed tenants may default on their pre-commitment obligations. This may adversely affect the financial condition of ESR-REIT or Sabana REIT, as applicable, and the reputation of the ESR-REIT Manager or the Sabana Manager and our Company.

RISKS RELATING TO OUR BUSINESS IN AUSTRALIA

If more stringent laws are introduced regarding the acquisition of real estate in Australia by foreign entities, our ability to acquire additional real estate may be adversely affected.

Under Australia's current foreign investment framework, the Australian government requires certain proposed investments in real estate to be notified to and approved by a Foreign Investment Review Board. The notification requirements and fees payable in relation to the relevant application vary depending on a number of factors including the nature and value of the property. Under this framework, we and our Australian subsidiaries are classified as "foreign investors" and are required to obtain approval for most acquisitions we propose to make of Australian land (including through a company or trust) There is a risk that approvals may not be successfully obtained or may only be obtained subject to conditions not acceptable to us in the future. Further, if, our ability to acquire and the cost of acquiring additional real estate in Australia is adversely affected by the foreign investment framework this may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Foreign purchasers of land in Australia are, depending on the jurisdiction in which the land is located, required to pay an additional surcharge on top of the standard land transfer duty payable by Australian purchasers.

Subject to the relevant requirements of the state or territory in which a land is located, foreign purchasers of the land in Australia are required to pay an additional surcharge on top of the standard land transfer duty payable by Australian purchasers. The surcharge rate differs across the Australian states and territories and is regularly subject to legislative review. This surcharge is applicable on a similar basis to foreign purchasers of local companies where duty is payable under the landholder provisions. To the extent the surcharge rates increase or the categories of land which are subject to the surcharge change, this will have an impact on the amount of capital required to acquire land in Australia, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The application of retail leasing legislation in Australia may restrict our ability to enforce our standard lease covenants against tenants.

There is legislation specific to retail leases in each of the Australian states and territories. The legislation differs slightly between each of the Australian jurisdictions but has the general effect of providing tenants under retail leases with additional protections which they would not otherwise have if the lease was not a retail lease and which cannot be contracted out of. What constitutes a "retail lease" differs across the Australian jurisdictions and has been the subject of recent judicial consideration in connection with industrial/warehouse property. The application of retail leasing legislation may restrict our ability to enforce our standard lease covenants against tenants, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Tightening lending restrictions by major Australian banks may reduce our access to funds required for further acquisitions.

The major Australian banks have recently tightened their lending requirements and this is expected to continue in the near future following the recent measures introduced by banks in response to the

findings of the Banking Royal Commission of Australia in relation to misconduct in the banking, superannuation and financial services industry. An inability to access debt on favourable terms will impact our ability to both refinance existing properties and acquire new properties in Australia, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

RISKS RELATING TO OUR BUSINESS IN INDIA

Political instability or a change in economic liberalisation and deregulation policies could seriously harm business and economic conditions in India, generally, and our expansion into India, in particular.

Our expansion into the India market could be significantly influenced by economic policies adopted by the government of India. The government of India has in recent years sought to implement economic reforms and the current government of India has implemented policies and undertaken initiatives that continue the economic liberalisation policies pursued by previous governments. There can be no assurance that liberalisation policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The government of India has traditionally exercised, and continues to exercise, influence over many aspects of the economy. A change in the government of India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally, and specifically our expansion into the India market. This could have a material adverse effect on our business, strategy and prospects.

Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business and financial performance.

The regulatory and policy environment in India is evolving and subject to change. Such changes in applicable law and policy in India, including the instances described below, may adversely affect our business, financial condition, results of operations, performance and prospects in India, to the extent that we are not able to suitably respond to and comply with such changes.

For instance, the government of India implemented a comprehensive national goods and services tax ("**GST**") regime that combines taxes and levies by the central and state governments into a unified rate structure from 1 July 2017, which we believe will result in fundamental changes to India's third-party logistics industry. However, given its recent introduction, there is no established practice regarding the implementation of, and compliance with, GST. The implementation of the new GST regime has increased the operational and compliance burden for Indian companies and has also led to various uncertainties. Any future increases and amendments to the GST regime may further affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures and/or obtain additional approvals and licences from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

Further, the Finance Act, 2018 instituted a number of amendments to the existing direct and indirect tax regime which includes the withdrawal of long term capital gains exemptions on equity shares, long term capital gains applicability in the hands of foreign institutional investors and applicability of dividend distribution tax for certain transactions with shareholders, among others.

In addition, in November 2016, the government of India demonetised certain high-value denominations of currency. Trading and retail businesses in India were impacted for a limited period of time on account of such demonetisation. Such businesses have subsequently needed to introduce additional point of sale instruments to improve their collection process. Furthermore, the General Anti Avoidance Rules came into effect on 1 April 2017. The effect of the application of these provisions to our business in India is at present uncertain.

Further, the Government of India has effected a change in the Foreign Direct Investment regulations through a notification dated 22 April 2020, whereby any investment into non-debt instruments, directly or indirectly, where the beneficiary is situated in any country sharing a land boundary with India, shall require prior government approval. This has changed the investment route from Automatic to Prior Government Approval, which shall affect the project timelines for ESR and make the future investments dependant on receipt of approval from the Government of India.

Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business in India.

Terrorist attacks and other acts of violence or war may adversely affect the Indian property market. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business, results of operations and financial condition.

Some of the lands on which our construction projects are or will be located in India may require certain approvals and permits in order for us to use such land for developing our projects. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.

Some of our construction projects in India are located, or will be located, on agricultural land, or land owned by private parties. The land title transfer process is dependent on the type of land on which the projects are, or will be, located, and the policies of the relevant state governments in the places in which such land is located. In the case of land acquired from private parties, which is agricultural land, the transfer of such land from agriculturalists to non-agriculturalists such as us and the use of such land for non-agricultural purposes may require an order from the relevant State land or revenue authority allowing such transfer and use. There can be no assurance that the relevant approvals will be received, or that lease deeds will be executed in a timely manner, such that the operation of our construction projects will be unaffected. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.

We may not be able to identify or correct defects or irregularities in title to the properties which we own, lease or intend to acquire in connection with the development of our construction projects as land title in India can be uncertain.

There is no central title registry for real property in India and the documentation of land records in India has not been fully digitised. Property records in India are generally maintained at the State and district level and in local languages, and are usually updated manually through physical records wherever electronic records are not maintained. Therefore, in certain cases property records may not be available online for inspection, may be illegible, untraceable or incomplete, may not have been updated, may be inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such property records. Title to land in India is often fragmented, and in many cases, land may have multiple owners. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subjected to encumbrances that we are unaware of and that may not be apparent on the face of the relevant documentation. Any defects in, or irregularities of, title may result in a loss of development or operating rights over the land, which may prejudice the success of our construction projects and require us to write off substantial expenditure in respect of our construction projects in India. Improperly executed conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our projects are located or will be constructed may arise. However, an adverse decision from a court or the absence of an agreement with such third parties may result in additional costs and delays in the construction and operating phases of our projects situated on such land. Also, such disputes, whether resolved in our favour or not, may divert management's attention, harm our reputation or otherwise disrupt our business. Our rights to the properties used for our construction projects may be challenged by property owners and other third parties for various other reasons as well. Any such challenge, if successful, could impair the development or operations of our projects on such properties. All of this may adversely affect our business, results of operations and cash flows in the future.

The following risk factor is deemed to be inserted immediately before the risk factor entitled "The Securities may not be a suitable investment for all investors" on page 62 of the Offering Circular:

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of the Perpetual Securities.

The Reset Distribution Rate of the Perpetual Securities is based on the Prevailing 5-year SGD Swap Offer Rate (as defined in the Pricing Supplement).

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely or to have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Perpetual Securities.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021 or, in the case of USD LIBOR, June 2023.

As the SGD Swap Offer Rate ("**SOR**") methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after June 2023 will impact the future sustainability of SOR. On 30 August 2019, MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average ("**SORA**"). In addition, the Association of Banks in Singapore ("**ABS**") and the Singapore Foreign Exchange Market Committee ("**SFEMC**") released a consultation report "Roadmap for Transition of Interest Rate Benchmarks: From SOR to SORA" identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years. On 19 March 2020, the Steering Committee for SOR Transition to SORA ("**SC-STS**") released its response to feedback received on the consultation report in which the SC-STS noted that overall, there was broad support for the proposed transition roadmap and approach set out in the consultation report. In its response, the SC-STS also outlined its key priorities and updated transition roadmap to achieve a smooth transition from SOR to SORA as the new interest rate benchmark for the SGD cash and derivatives markets. On 29 July 2020, the ABS and SFEMC issued another consultation report titled "SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks" which recommends the discontinuation of SIBOR in three to four years, and a shift to the use of the SORA as the main interest rate benchmark for SGD financial markets. On 5 August 2020, MAS announced several key initiatives to support the adoption of SORA, which include issuing SORA-based floating rate notes on a monthly basis starting from 21 August 2020, as well as publishing key statistics involving SORA on a daily basis. As part of the initiatives by MAS, SORA was prescribed as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. On 27 October 2020, the SC-STS published the report titled "SORA Market Compendium: Transition from SOR to SORA", which included the recommended fallback provision developed by the SC-STS for SOR-referencing securities.

As it is expected that SOR will have been discontinued by the First Reset Date, Schedule 1 of the Pricing Supplement sets out more details on the mechanics for determining the Reset Distribution Rate in the event of such discontinuation. Such mechanics include the possibility that the Reset Distribution Rate could be set by reference to a Benchmark Replacement, with or without the application of an adjustment spread and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of SOR. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Benchmark Replacement may nonetheless be used to determine the Reset Distribution Rate. The use of a Benchmark Replacement (including with the application of an adjustment spread) may still result in the Perpetual Securities performing differently (which may include payment of a lower Distribution Rate) than they would if SOR were to continue to apply in its current form.

Due to the uncertainty concerning the availability of a Benchmark Replacement, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any local and international reforms in making any investment decision with respect to the Perpetual Securities.

The risk factor entitled "Singapore taxation" on page 64 of the Offering Circular shall be deleted in its entirety and replaced with the following:

Singapore taxation

The Securities to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation — Singapore taxation*". However, there is no assurance that such Securities will continue to enjoy the tax concessions for "qualifying debt securities" should the relevant tax laws be amended or revoked at any time.

USE OF PROCEEDS

The net proceeds arising from the issue of the Perpetual Securities will be used for the refinancing of existing borrowings, financing of potential acquisition and investment opportunities which the Group may pursue in the future as well as working capital requirements and the general corporate purposes of the Group.

CAPITALISATION AND INDEBTEDNESS

The capitalisation and indebtedness of the Group as of 30 June 2020 has been derived from the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2020 set out elsewhere in this Supplemental Offering Circular and should be read together with such financial statements and the notes thereto.

The table below sets out the capitalisation and indebtedness of the Group as of 30 June 2020:

	As of 30 June 2020
	US$'000
Bank and other borrowings	
Current	570,193
Non-current	2,284,422
Total bank and other borrowings	2,854,615
Total indebtedness	**2,854,615**
Equity	
Equity attributable to owners of the Issuer	
Issued capital	3,050
Other reserves	2,978,736
	2,981,786
Total capitalisation[(1)]	**5,836,401**

Note:

(1) "Total capitalisation" is defined as indebtedness and equity attributable to owners of the Issuer.

In September 2020, we issued US$350 million of 1.50 per cent. Convertible Bonds due 2025. See "*Business — Sources of Funds and Certain Key Contracts — The 1.50 per cent. Convertible Bonds due 2025*".

In November 2020, we entered into a new facility agreement for a JPY15 billion (approximately US$139.2 million) three-year unsecured term loan facility with an upsize option to JPY20 billion (approximately US$185.6 million) in the next 12 months, at JPY Tibor plus 2 per cent.

Save as disclosed above, there has been no significant change to the total capitalisation and indebtedness of the Group since 30 June 2020.

DESCRIPTION OF THE COMPANY

The section headed "*Description of the Company*" of the Offering Circular shall be deleted in its entirety and replaced with the following:

BUSINESS

OUR MISSION

We aim to build modern logistics infrastructure for 21st century commerce across Asia-Pacific ("**APAC**"). We endeavour to offer tenants modern, state-of-the-art logistics facilities and solutions, and provide investors with exposure to a dynamic sector in the fast-growing APAC region.

OVERVIEW

We are the largest APAC focused logistics real estate platform by GFA and by value of logistics properties directly held by us and by the funds and investment vehicles we manage (collectively, "**Portfolio Assets**", and each, a "**Portfolio Asset**") and we believe that we have the largest development pipeline in aggregate across the major APAC markets. We develop and manage modern logistics facilities that cater to e-commerce companies, 3PL providers, bricks-and-mortar retailers, manufacturers, cold-chain logistics providers and others in APAC as logistics infrastructure continues to evolve for the modern economy. We focus solely on APAC and currently operate in the PRC, Japan, South Korea, Singapore, Australia and India markets. We also see growth opportunities in developing and managing data centres in APAC.

We hold a portfolio of logistics properties on our balance sheet and manage a broad range of funds and investment vehicles that invest in logistics properties at various stages of the property life cycle across APAC. As of 30 June 2020, we managed 35 private third-party pooled investment vehicles, with over US$9.0 billion in total equity commitments, and two REITs listed on the SGX-ST with aggregate appraised carrying value of approximately US$2.8 billion. As of the date of this Supplemental Offering Circular, we managed three public REITs, of which two are listed on the SGX-ST and one is listed on the KRX KOSPI Market of the Korea Exchange. As of 30 June 2020, our AUM was approximately US$26.5 billion (of which US$2.8 billion was on our balance sheet) and comprised approximately 10.6 million sqm of GFA of completed properties, approximately 4.3 million sqm of GFA of properties under construction (which we expect to be completed over the next two to five years), and approximately 3.8 million sqm of GFA to be built on land held for future development, adding up to 18.7 million sqm of GFA in total. GFA on land held for future development refers to total estimated GFA upon completion based on the Company's construction plans. See the section headed "*Description of the Company — Property Operations — Classification of the Portfolio Assets*" for further details.

We develop logistics real estate primarily in Tier 1 and Tier 1.5 cities in APAC, targeting strategic locations near key logistics hubs, major seaports, airports, transportation hubs and industrial zones in the PRC, Japan, South Korea, Singapore, Australia and India, which are the markets we believe will drive future growth across APAC. The majority of the tenants in the Portfolio Assets service domestic consumption in APAC. According to industry data, APAC's substantial middle class population coupled with rapid economic growth and rising income levels are expected to support rising consumption levels in the region. Private consumption in China, Japan, South Korea, Singapore, Australia and India is forecasted to grow at a CAGR of 8.1 per cent. between 2019 and 2023, approximately two times the anticipated 4.0 per cent. growth in the US during the same period. As of 30 June 2020, e-commerce and 3PL tenants made up approximately 63 per cent. of the tenant base of the Portfolio Assets by leased area.

Our Company was formed from the merger of e-Shang and the Redwood group in January 2016. E-Shang was co-founded in 2011 by WP OCIM, an affiliate of Warburg Pincus LLC, and Mr. Jinchu Shen, who has substantial experience in modern logistics facilities in the PRC, with the goal of establishing a platform to capitalise on the dynamic growth of the PRC economy. The Redwood group was founded in 2006 by Mr. Stuart Gibson and Mr. Charles Alexander Portes, who have substantial experience in the development of modern logistics real estate in Asia, to focus on modern logistics development in Japan. By the time of the merger between e-Shang and the Redwood group, e-Shang was a fully integrated development and investment management business in the PRC with a strong emerging business in South Korea. In January 2017, we expanded our platform into the Singapore market, shortly followed by our entry into the Indian market. In October 2017, we entered the Australian market through the acquisitions of a minority equity stake in Propertylink (an ASX-listed internally-managed REIT, specialising in Australian industrial and office investments) and an equity stake in Centuria (an ASX-listed property funds manager), and in August 2018 we acquired a 100 per cent. equity interest in Commercial & Industrial Property Pty Limited ("**CIP**") (an integrated development group with national presence in Australia that has a track record of development of commercial and industrial real estate projects) as the base platform upon which to grow our Australian business. We subsequently divested the construction business in September 2020. In April 2019, we completed our acquisition of Propertylink. As of 30 June 2020, we owned a 19.9 per cent. stake in Centuria which has subsequently been diluted to 17.1 per cent. In January 2020, we completed the Sabana Manager Acquisition in Singapore. In December 2020, we completed the listing of ESR-KS REIT on the KRX KOSPI Market of the Korea Exchange, following which we owned a 9.9 per cent. stake in ESR-KS REIT.

With our APAC-focused business model, we grew significantly in the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, through organic growth and strategic M&A, increasing our AUM from approximately US$16.0 billion as of 31 December 2018 to US$22.1 billion as of 31 December 2019, and further to US$26.5 billion as of 30 June 2020. Our revenue grew by 40.6 per cent. from US$254.1 million in 2018 to US$357.4 million in 2019. For the six months ended 30 June 2020, our revenue was US$197.6 million. Our net profit grew by 30.8 per cent. from US$212.9 million in 2018 to US$278.4 million in 2019, and for the six months ended 30 June 2020, amounted to US$144.7 million. Our total consolidated balance sheet assets, which include our investment properties, investments in joint ventures, and financial assets at fair value, grew by 43.3 per cent. from US$4,431.6 million as of 31 December 2018 to US$6,352.2 million as of 31 December 2019, and further grew by 4.9 per cent. to US$6,661.9 million as of 30 June 2020.

The following table summarises our AUM and GFA held on our balance sheet and in the funds and investment vehicles we managed as of 30 June 2020:

Country	Assets held on our balance sheet	Fund AUM(1)	AUM	GFA
	(US$ millions)			(sqm in thousands)
PRC	1,896	4,177	6,073	7,636
Japan	809	7,173	7,982	3,350
South Korea	—	7,198	7,198	3,315
Singapore	—	2,841	2,841	1,786
Australia	43	1,950	1,993	1,116
India	72	379	451	1,461
Total	**2,820**	**23,718**	**26,538**	**18,664**

Note:

(1) We hold minority investments in the funds and investment vehicles we manage. See the section headed "*Description of the Company — Fund Management — Overview of Funds and Investment Vehicles*" for details of the minority interests we hold.

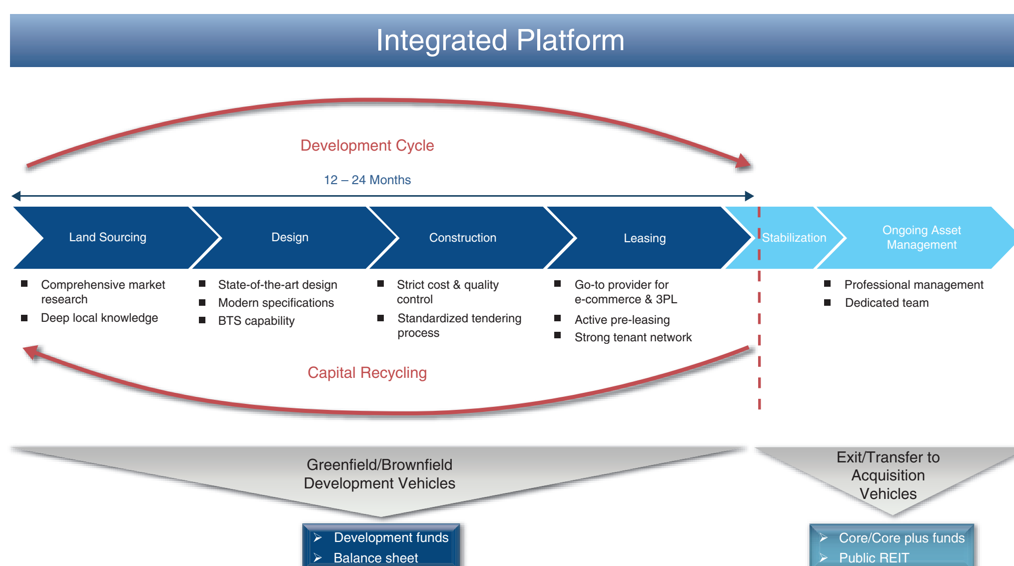
We have assembled a development pipeline of 15.3 million sqm to expand our portfolio moving forward. As part of our business, we enter into MOUs to acquire properties for our balance sheet and the funds and investment vehicles we manage. The following table summarises the development pipeline GFA attributable to our balance sheet and the funds and investment vehicles we managed as of 30 June 2020:

Country	Development Pipeline	GFA under MOUs(1)	Under Development	Land
		(million sqm)		
PRC	6.6	3.5	2.1	1.1
Japan	3.6	1.8	0.9	0.9
South Korea	2.7	1.5	0.5	0.8
Australia	0.5	0.04	0.08	0.3
India	1.9	0.5	0.8	0.7
Total	**15.3**	**7.2**	**4.3**	**3.8**

Note:

(1) MOUs as at 31 July 2020. GFA under MOUs represents total estimated GFA upon completion based on construction plans of properties with respect to which we have entered into non-binding memoranda of understanding for our future acquisition or development but have not entered into master investment agreements with regulatory authorities or private landowners. There is uncertainty as to whether any MOUs will result in completed transactions. For more information on the risks related to the MOUs, see the section headed "*Risk Factors — Risks Relating to our Business and Industry — We may not be able to acquire land in desirable locations on commercially reasonable terms, and we may be unable to complete acquisitions of property assets and successfully operate acquired properties*".

OUR BUSINESS MODEL



We use in-house capabilities to source, design, construct, lease and manage the Portfolio Assets. We have expertise throughout the development cycle and actively source ground-up (greenfield) and re-development (brownfield) opportunities across APAC. We design and construct modern logistics properties that meet the evolving needs of tenants and lease these properties to e-commerce companies, 3PL providers, bricks-and-mortar retailers, manufacturers, cold-chain logistics providers and others, as they continue to expand their logistics infrastructure in APAC. Our development team works closely with our local and regional leasing and operations teams, enhancing our ability to deliver and rapidly lease-up modern logistics facilities.

We scale our business by deploying both our own capital and that of pooled funds and investment vehicles, which span the spectrum of both risk and liquidity. We develop logistics properties through our own balance sheet and the development funds and investment vehicles that we manage, which leverage our development capabilities. We utilise a capital recycling strategy when we dispose of stabilised assets to the core/core-plus funds and investment vehicles we manage, and potentially to REITs, in order to realise development profits which can then be used for future projects. Pursuant to our capital recycling strategy, we determine the types of assets to dispose from our balance sheet, and the timing of such disposals, based on our evaluation of a number of factors, including (i) the amount of rental revenue and capital appreciation an asset would generate if kept on our balance sheet, (ii) potential investments into which we could redeploy capital upon disposal of an existing asset, (iii) the fees that we could generate from an asset if it were held in a fund or investment vehicle we manage, and (iv) the investment mandates of our funds and investment vehicles. We generally consider the disposal of a property once it has been completed, and we prioritise the disposal of our balance sheet properties to the funds and investment vehicles we manage in order to manage assets for the long term where our fund mandates permit. We retain the option to dispose of assets to third parties if we deem it appropriate to do so. The synergies between our development and core/core-plus funds and investment vehicles give us the opportunity to manage the underlying assets throughout their useful lives and build recurring revenue streams. We can acquire, develop and own assets that fit our capital partners' risk-reward profiles and still capture opportunities using our own balance sheet which may not fall within the investment criteria of the funds and investment vehicles we manage. The flexibility of this dual approach helps us avoid time consuming searches for a co-investor on each individual project and provides future capital partners with visibility over the assets on our balance sheet that might form a fund or investment vehicle.

We also use our balance sheet to grow our business through the acquisition of private and public platforms in prospective growth markets. For example, in January 2017, we expanded into the Singapore market and obtained control of the ESR-REIT Manager. In April 2019, we completed our acquisition of Propertylink in Australia. In January 2020, we completed the acquisition of the Sabana Manager by our subsidiary, InfinitySub Pte. Ltd. ("**Sabana Manager Acquisition**") in Singapore. As we continue to expand the business, we have and will continue to utilise our business model to acquire local expertise and assemble business teams in each of our markets of operation. See the section headed "*Description of the Company — Major Mergers And Acquisitions And Recent Developments*" for further information.

Our Company is organised into business units based on our products and services and has three reportable operating segments as follows:

- *Development*. We earn development profit through the development, construction and sale of completed properties on our balance sheet. Our development profit includes construction income (as a result of the consolidation of CIP since August 2018), fair value gains on investment properties under construction and gains on disposal of subsidiaries. We also derive pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles we manage in proportion to our co-investments in those funds and investment vehicles.

- *Fund management*. We earn fee income from managing the underlying assets on behalf of our capital partners via the funds and investment vehicles we manage. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in a disproportionate share of profits through a promote, upon exceeding a pre-determined target IRR and after our capital partners have received their targeted capital returns.

- *Investment*. Our investment segment is divided into three main categories: (i) completed properties that we hold on our balance sheet, from which we derive rental income and appreciation in value; (ii) our co-investments in the funds and investment vehicles and the public REITs we manage, from which we derive dividend income, pro rata earnings and/or pro rata value appreciation; and (iii) other investments.

CORPORATE MILESTONES

Corporate Milestones

The following is a summary of our key milestones and achievements in the business development of our Group:

Year	Event
2006	Mr. Charles Alexander Portes and Mr. Stuart Gibson founded the Redwood group to invest in logistics facilities in Asia and with fund management and capital raising operations based in Singapore.
2011	Warburg Pincus co-founded e-Shang with Mr. Jinchu Shen.
2012	The Redwood group formed its first PRC logistics development fund, Redwood China Logistics Fund Limited Partnership.
2013	The Redwood group formed its first Japan logistics development fund, Redwood Japan Logistics Fund Limited Partnership.
2014	E-Shang formed E-Shang Star, a PRC logistics development fund.
	E-Shang expanded into South Korea.
2015	E-Shang formed Sunwood Star, a Korea logistics development fund.
2016	In January, e-Shang and Redwood merged, forming our Group.
	We launched our first post-merger logistics development fund in Japan, Redwood Japan Logistics Fund II Limited Partnership.
2017	We established our first PRC core fund, China Invesco Core Fund, focusing on investing in mature income-yielding logistics properties in the PRC.
	We expanded into the Singapore market and obtained control of the ESR-REIT Manager and subsequently became the second largest unitholder of ESR-REIT.
	We expanded into the Indian market and established an experienced local management team.
	We expanded into Australia by becoming the largest securityholder of Centuria (an ASX-listed property funds manager). We also made an equity investment in Propertylink (a real estate group specialising in Australian industrial and office investments, listed on ASX) and became its single largest securityholder.

Year	Event
2018	We made a strategic investment in CNLP, the third largest logistics real estate player in the PRC, which is listed on the Hong Kong Stock Exchange. We established our first South Korea core fund, which invests in mature income-yielding logistics properties in South Korea. In August, we acquired the entire equity interest in CIP, a leading property development group in Australia. We subsequently divested the construction component of the CIP business in September 2020. In October, ESR-REIT merged with Viva Industrial Trust ("**VIT**"), which was the first merger of REITs listed on the Singapore Stock Exchange. We established our first Japan core logistics fund, which invests in mature income-yielding logistics properties in Japan, under which we subsequently formed a new core joint venture in December 2018 with AXA Investment Managers-Real Assets and a major sovereign wealth fund for acquisitions of core stabilised logistics assets in Japan. We partnered with NCI and established the Shanghai Yishang E-commerce Logistics Equity Investment Fund Partnership Enterprise (Limited Partnership) ("**NCI Core Fund**"), which invests in mature income-yielding logistics properties in the PRC. We established our first logistics and industrial fund in India with a global real estate investor based in Germany.
2019	In April, we acquired 100 per cent. of the securities of Propertylink, and caused it to be removed from the official list of the ASX. In May, we established our 'Japan Logistics Fund III', which will focus on the development of large-scale, modern logistics facilities in the largest metropolitan areas of Japan. In August, we increased our holdings in the equity interest of Sabana Manager to approximately 96.0 per cent. In August, we entered into an umbrella agreement to establish our 'ESR Australia Logistics Trust' which will focus on the acquisition of warehouse and logistics facilities in various locations on the east coast of Australia. We completed the disposal of seven PRC balance sheet properties to NCI Core Fund. In November, we completed the Global Offering, through which we raised approximately US$600 million in proceeds through the sale of new shares, and were listed on the Hong Kong Stock Exchange.

Year	Event
2020	In January, we increased our holdings in the equity interest of the Sabana Manager to 100.0 per cent.
	In January, we established a joint venture with Singapore's sovereign wealth fund GIC Pte. Ltd. ("**GIC**") which will focus on the development of institutional grade logistics facilities in key cities in China.
	In February, we issued S$225 million (approximately US$161.4 million) of 5.10 per cent. fixed rate notes due February 2025.
	In March, we entered into a new facility agreement for a US$250 million three-year unsecured term loan facility at a rate of Libor plus 3 per cent.
	In March, we established our ESR Australia Logistics Partnership as a new core-plus logistics partnership with GIC, the largest capital raising to date for ESR Australia.
	In April, we established a joint venture in South Korea with APG Group and Canada Pension Plan Investment Board ("**CPP Investments**"), which will focus on investing in and developing a 'best-in-class' industrial and warehouse logistics portfolio by way of development, acquisitions and/or joint ventures in South Korea.
	In June, we established our ESR Australia Development Partnership as a new develop-to-hold logistics fund focusing on strategically located sites in eastern Australian cities.
	In July, we established a joint venture with Manulife Investment Management's Real Estate Platform ("**Manulife**"), which was seeded with four institutional-grade logistics properties from Redwood China Logistics Fund ("**RCLF**").
	In July, we announced the completion of ESR Amagasaki Distribution Centre in the Greater Osaka region, the largest logistics warehousing project (388,570 sqm) in Asia Pacific.
	In November 2020, we entered into a new facility agreement for a JPY15 billion (approximately US$139.2 million) three-year unsecured term loan facility at Tibor plus 2 per cent.
	In November, we announced the Company was included as a constituent of MSCI Hong Kong Index, effective after the market close on 30 November 2020.
	In November, we launched our five-year vision roadmap and targets around ESG (Environmental, Social and Governance) performance.
	In December, our subsidiary, ESR Kendall Square Inc., sponsored the listing of ESR-KS REIT on the KRX KOSPI Market of the Korea Exchange.

MAJOR MERGERS AND ACQUISITIONS AND RECENT DEVELOPMENTS

The Propertylink Acquisition

Propertylink is an internally-managed REIT previously listed on the ASX, specialising in Australian industrial and office investments. Propertylink also co-invests in funds with financial institutions from North America, Europe, the Middle East, Asia and Australia. As of 20 March 2019, being the date on which Propertylink was consolidated as a subsidiary into our Group, Propertylink managed 58 industrial and office properties, including assets managed under its co-invested funds as well as assets held under its wholly-owned industrial portfolio. Previously, in October 2017, we acquired

approximately 19.9 per cent. of Propertylink and became its single largest securityholder. We subsequently completed our acquisition of 100 per cent. of the securities of Propertylink in April 2019 (the "**Propertylink Acquisition**"). Propertylink was delisted from the ASX on 26 April 2019. The three entities that comprise Propertylink were de-stapled on 30 May 2019.

We are committed to a long term investment in logistics real estate in the Australian market. Our acquisition of Propertylink is part of our focus on value creation which involves expanding our Australian operations and identifying accretive acquisition targets, both as a property developer and a fund, asset and property manager.

Disposal of Balance Sheet Properties to NCI Core Fund

From January 2019 to April 2019, we completed the disposal of seven PRC properties with an aggregate gross asset value of approximately US$276.7 million from our balance sheet to NCI Core Fund, among which five properties were disposed between January 2019 and March 2019 and two properties were disposed in April 2019. NCI Core Fund was established by New China Life Insurance and us to invest in long-term yielding modern logistics properties in the PRC. Total capital commitments in the NCI Core Fund amounted to approximately RMB1.1 billion (approximately US$ 155.7 million). We currently hold an approximate 10.0 per cent. interest in the NCI Core Fund.

Japan Logistics Fund III

In May 2019, we closed Japan Logistics Fund III ("**JLF3**"), with an initial equity commitment of JPY75 billion (approximately US$695.9 million), which includes a JPY15 billion (approximately US$139.2 million) commitment from us, with the view to invest in the development of large-scale, state-of-the-art logistics facilities in the largest metropolitan areas of Japan. JLF3 brings together two capital partners who have a commitment expansion option that would bring the total equity commitment to as much as JPY200 billion (approximately US$1.9 billion) over time, with our equity commitment increasing to up to JPY40 billion (approximately US$371.2 million).

Sabana Manager Acquisition and Sabana REIT Investment

In May 2019, we, through certain of our subsidiaries, entered into a series of sale and purchase agreements to acquire 51 per cent. of the issued share capital of the Sabana Manager at a consideration of S$20.5 million (approximately US$14.7 million) and approximately 9.9 per cent. of the total issued units in Sabana REIT at a total consideration of approximately S$50.1 million (approximately US$35.9 million). The Sabana Manager owns a 100 per cent. equity interest in both the fund manager and the property manager of Sabana REIT. Sabana REIT has a diversified property portfolio valued at S$872.2 million (approximately US$625.6 million) as of 30 June 2019, comprising 18 properties strategically located across Singapore. The acquisition of the 51 per cent. issued share capital in the Sabana Manager was completed in the end of June 2019, and the final tranche of Sabana REIT Investment was completed in July 2019. Upon the completion of the abovementioned acquisition and the Sabana REIT Investment, we indirectly held an approximate 93.8 per cent. equity interest in Sabana Manager and approximately 21.2 per cent. of the total issued units in Sabana REIT.

In August 2019, we, through certain of our subsidiaries, entered into a sale and purchase agreement with an independent third party, to purchase an approximate 2.2 per cent. indirect interest in the Sabana Manager at consideration of approximately S$1.6 million (approximately US$1.1 million), which was settled by our self-generated funds and bank financing. In addition, we, through certain of our subsidiaries, entered into a sale and purchase agreement with an independent third party, to further purchase 4 per cent. of the issued share capital of the Sabana Manager at a consideration of

S$1.4 million (approximately US$1.0 million), which was completed in January 2020. Upon completion of the Sabana Manager Acquisition, we now hold the entire equity interest in the Sabana Manager, and it has become our indirect wholly-owned subsidiary.

India Partnership

In July 2019, we entered into a strategic alliance with Future Group through Future Market Networks Ltd to develop logistics infrastructure assets in India. We expect to jointly develop two state-of-the-art industrial and warehousing parks in the cities of Nagpur and Jhajjar to service the northern and central regions in India.

ESR Australia Logistics Trust

In August 2019, in line with our capital recycling strategy, we entered into an umbrella agreement with managed vehicles of China Merchant Capital Fund ("**CMC**") in connection with the establishment of a new joint venture in Australia, ESR Australia Logistics Trust ("**EALT**"). It is proposed that CMC Fund will hold an interest of 80 per cent. in EALT and we will hold the remaining 20 per cent. interest, and our initial total capital commitment is expected to be approximately A$350 million (approximately US$241.3 million). ESR Australia will manage EALT, which is proposed to acquire warehouse and logistics facilities in various locations on the east coast of Australia, in particular, Sydney and Melbourne. Pursuant to the terms of the umbrella agreement, EALT was established in November 2019 in order to hold 11 of Propertylink's wholly-owned properties following a group restructuring, which was completed in November 2019, after obtaining the relevant regulatory approvals. EALT was seeded by the sell-down of these 11 wholly-owned balance sheet assets in Australia, with a value of A$175 million (approximately US$120.6 million).

The Global Offering

On 12 September 2019, we made an application to the listing committee of the main board of the Hong Kong Stock Exchange in connection with the proposed listing of the Company. On 1 November 2019, we completed the Global Offering, through which we raised approximately US$600 million in proceeds through the sale of new shares, and were listed on the Hong Kong Stock Exchange. The Canadian pension fund, OMERS, acted as a cornerstone investor in the Global Offering through OMERS Administration Corporation, the administrator of the fund.

Establishment of a A$138 million mandate in Australia

On 10 December 2019, we announced a new A$138 million (approximately US$95.1 million) mandate, ESR Office Partnership IV, boosting further development in Australia. The mandate will offer investors exposure to premium core-plus business park assets in Sydney and core-plus industrial assets in prime locations across the east coast of Australia.

New Lease with Amazon in Kuki City, Saitama, Japan

On 8 January 2020, we announced that we had signed a lease agreement for 72,392 sqm of GFA with Amazon.com, Inc. at its human-centric development project in Kuki City, Saitama, Japan. ESR Kuki Distribution Centre is a four-storey state-of-the-art logistics facility which commenced operations in September 2018 and has been certified as a Class A property by Comprehensive Assessment System for Built Environment Efficiency ("**CASBEE**").

Logistics Park in Hyderabad

On 9 January 2020, we announced that we had formed a joint venture with GMR Hyderabad Aerotropolis Ltd, with equity interests of 70 per cent. and 30 per cent. respectively, to jointly develop a 66 acre logistics park at the airport city in Hyderabad, India.

Strategic Partnership with GIC

On 13 January 2020, we announced that we had entered into a strategic partnership with GIC to establish a joint venture with a total equity commitment of US$500 million which will focus on the development of institutional grade, state-of-the-art logistics facilities in key cities across China.

New Warehousing Destination in Sohna

On 27 January 2020, we announced our plan to build a 76.84 acre logistics park in 'Sohna' – Tehsil of South Gurugram. The site is close to the international airport and business hubs of New Delhi, Gurugram and Faridabad. With this investment, we will be expanding our India footprint to 14 locations.

Nagoya Distribution Centre

On 17 February 2020, we announced an estimated JPY27 billion investment (approximately US$250.5 million) to develop ESR Yatomi Kisosaki Distribution Centre, which is set to be the largest modern logistics facility in Greater Nagoya, Japan.

ESR Australia Logistics Partnership

On 27 March 2020, we announced that we were launching ESR Australia Logistics Partnership ("**EALP**") as a new Australian-focused core-plus logistics partnership with investments being made through our subsidiary and by GIC. This is the largest capital raising to date for ESR Australia, underlining the commitment of investors to their strategy and acknowledgement of the opportunities in the Australian market.

The establishment of EALP as a new core-plus logistics partnership is in line with our capital recycling strategy of disposing stabilised assets to core/core-plus funds and investment vehicles we manage and will allow us to realise development profits for use for future projects. On 24 September 2020, we also agreed to sell a further 35 per cent. interest in EALP (in addition to the initial 45 per cent. announced in March 2020, which was completed in July 2020) to GIC. ESR and GIC now hold 20 per cent. and 80 per cent. interest in EALP respectively. Subsequently, we will continue to maintain an interest in the assets of EALP through our fund interest and will collect recurring fees through managing the fund.

On 18 November 2020, we announced that EALP purchased a portfolio comprising 11 assets primarily located in the eastern seaboard cities of Sydney, Melbourne and Brisbane. The purchase of this portfolio of assets from Propertylink Australian Industrial Partnership II, an ESR-managed partnership, takes the gross assets of EALP to over A$1 billion (approximately US$689.3 million). With the addition of these assets, the EALP portfolio now includes 36 properties with GFA of over 500,000 sqm.

Tokyo Distribution Centre

On 31 March 2020, we announced an estimated JPY24 billion investment (approximately US$222.7 million) to develop ESR Ukishima Distribution Centre in Greater Tokyo, Japan, which will be one of the

prime assets held by JLF3, a development fund focusing on the development and investment of modern, institutional-grade facilities in the largest metropolitan areas of Japan.

Launch of South Korean Joint Venture

On 23 April 2020, together with APG Group and CPP Investments, we announced that we entered into a strategic agreement to establish a new development joint venture ("**ESR-KS II**"), which will invest in and develop a 'best-in-class' industrial and warehouse logistics portfolio by way of development, acquisitions and/or joint ventures in the Seoul and Busan metropolitan areas, the two markets with the largest populations and highest consumer spending in South Korea. ESR-KS II will have a total equity allocation of US$1 billion, and together with APG Group and CPP Investments, we have agreed to initial investments in ESR-KS II of US$350 million, US$450 million and US$200 million, respectively, with expansion options that could bring the total equity investment capacity to as much as US$2 billion over time. This marks APG Group's fourth development collaboration and CPP Investments' third joint venture with us. It is a successor vehicle to a US$1.15 billion joint venture, upsized from US$1 billion, between the three parties that has led to the development of 18 projects totalling 2.4 million sqm of GFA in South Korea.

On 18 June 2020, we announced the close of ESR-KS II, with US$1 billion in total equity allocation. ESR-KS II will be seeded with a land parcel in Incheon City, South Korea, on which a modern large-scale, multi-tenant facility with a GFA of 154,422 sqm and a gross value of KRW240 billion (approximately US$199.9 million) will be developed. This facility is planned to serve as a last-mile distribution centre to support the robust logistics demand in Incheon City.

ESR Australia Development Partnership

On 24 June 2020, we announced the launch of our ESR Australia Development Partnership ("**EADP**"). EADP launched as a new develop-to-hold logistics fund which will invest in and develop a portfolio of industrial and logistics real estate assets in Australia, with a focus on assets located in Sydney, Melbourne, and Brisbane. With a target fund size of A$1 billion (approximately US$689.3 million), GIC has committed A$400 million (approximately US$275.7 million) as the cornerstone investor.

EADP is to be seeded with two prime land parcels within the Sydney metropolitan area contracted over the past 12 months as part of ESR Australia's land bank strategy for a total consideration of A$190 million (approximately US$131.0 million). The seed land parcels will be developed into premium logistics assets with an end value of approximately A$410 million (approximately US$282.6 million). The launch of EADP along with the recently established EALP well positions ESR Australia to continue its expansion in the Australian market.

In October 2020, we announced that EADP acquired an 18 ha infill site at 1502 Beaudesert Road, Acacia Ridge, QLD. The significant Acacia Ridge holding includes a mixture of income-producing warehouses and vacant land in an established industrial area with few available sites of a similar scale within the precinct. ESR Australia will develop the site in stages to become a premium logistics estate with the potential for a total GFA of approximately 100,000 sqm. A 2.5 ha pad is available for immediate development of circa 14,000 sqm with a Development Approval in place. The balance of the site will be redeveloped over the next few years. The existing improvements on the site are predominately older style warehousing built in the 1960s.

Jiangsu Acquisitions

On 30 June 2020, we announced our acquisition of three properties in eastern China's Jiangsu province. These three assets are strategically located in prominent hubs of China's last mile logistics

networks, which will further enhance our position in catering to the robust market demand for high-quality logistics facilities with our industry-leading platform.

Manulife Joint Venture

On 6 July 2020, we announced a core joint venture with Manulife ("**Manulife Venture**"). The Manulife Venture completed the acquisition of four institutional-grade logistics properties from RCLF for approximately RMB1.7 billion (approximately US$240.6 million) on the same day. The RCLF is a joint venture between ESR and PGGM, our longstanding capital partner. These assets are located in Guangzhou, Kunshan, Wuxi and Dongguan, with over two million square feet of strategic net rentable area and is fully leased to a mix of high-quality tenants. The Manulife Venture will offer the potential to grow a strategic relationship in China and other pan-Asian markets in which ESR operates.

Greater Osaka Distribution Centre

On 8 July 2020, we announced the completion of the ESR Amagasaki Distribution Centre ("**ESR Amagasaki DC**") in Greater Osaka which, with a GFA of 388,570 sqm, is the largest domestic consumption logistics warehousing project in Japan as well as in APAC. The development is a landmark project for ESR's JLF2 Japan development fund and key investment co-partners. The ESR Amagasaki DC is strategically located in the Greater Osaka Metropolitan area, and is a six-storey, state-of-the-art facility epitomising the highest quality specifications as well as the human-centric and sustainable designs for which ESR properties are renowned. The property has been awarded a CASBEE Class A certification and an Association for Business Innovation in harmony with Nature and Community ("**ABINC**") certification.

Approximately 70 per cent. of the newly completed facility, representing over 270,000 sqm of space, has already been pre-leased to some of ESR's largest global tenants, further reinforcing the trend in demand for high quality, well-located and innovative logistics warehouses.

South East Melbourne Acquisition

On 15 July 2020, we announced the acquisition of a strategically significant 79-hectare development site at 590 & 620 Western Port Highway in Cranbourne West, Victoria, Australia, which will ultimately be held by EADP. The site is located in the premier industrial precinct of South East Melbourne and represents one of the last large and contiguous land tracts in the area. The site will be developed into a premium-grade logistics hub with an expected end value of A$450 million (approximately US$310.2 million).

Daiwa Lease

On 25 August 2020, we announced the signing of a new lease agreement for 71,736 sqm (21,700 tsubo[1]) of prime logistics space with Daiwa Corporation Co., Ltd. ("**Daiwa**") at ESR Kawasaki Yako Distribution Centre ("**ESR Kawasaki Yako DC**") located in Kawasaki City, Tokyo Bay, Japan. The delivery of the leased space to Daiwa is scheduled for July 2021, representing ESR's second collaboration with the leading logistics services company. Daiwa and ESR have established a longstanding relationship since 2016 with the ESR Chibakita Distribution Centre, a 39,593-sqm build-to-suit ("**BTS**") development in Chiba City.

Scheduled for completion in April 2021, the four-storey ESR Kawasaki Yako DC, with a GFA of 78,119 sqm (23,631 tsubo), will feature market leading specifications and a host of environmentally friendly elements, including seismic structure, LED lighting throughout the warehouse and common areas, and

[1] 1 tsubo is approximately 3.30579 square metres.

BCP solutions. The strong focus on sustainability and environment has led to the achievement of a CASBEE Class A certification.

AXA Joint Venture

On 6 August 2020, we completed US$368 million acquisition of Tokyo logistics facility in joint venture with AXA Investment Managers — Real Assets.

ESR Toda DC Lease

On 23 September 2020, we announced a new full-building lease agreement for 81,391 sqm (24,621 tsubo) with Nakano Shokai Co., Ltd., a leading logistics services company, at ESR Toda Distribution Centre ("**ESR Toda DC**") in Japan.

Disposal of Higashi Ogishima Site A

On 25 November 2020, RW Higashi Ogishima TMK, a 70 per cent.-owned indirect subsidiary of the Company, entered into an agreement for the transfer of the entire beneficial interest in the real estate trust established pursuant to a trust deed dated 30 June 2016 with Mitsubishi UFJ Trust and Banking Corporation as trustee (the "**Trust**") to Tanto TMK (the "**Disposal**"). Following the completion of the Disposal, the Group continues to maintain an indirect interest in the Trust and Higashi Ogishima Site A through its minority interest in Tanto TMK and will receive development fees and recurring fees through managing the fund.

For the purposes of this paragraph, "**Higashi Ogishima Site A**" means a property situated at 21 Higashiogishima, Kawasaki-ku, Kawasaki-shi, Kanagawa-ken, 210-0869, Japan with a total site area of 77,723.49 sqm and the buildings (including related equipment) thereon, and which forms the principal trust property of the Trust.

Listing of ESR Kendall Square REIT

On 6 November 2020, we announced that our subsidiary, ESR Kendall Square Inc., is acting as a sponsor of ESR Kendall Square REIT Co., Ltd. ("**ESR Kendall Square REIT**") in relation to its proposed listing on the KRX KOSPI Market of the Korea Exchange. On 23 November 2020, ESR Kendall Square REIT announced that it has entered into a full-fledged initial public offering procedure for the proposed listing. Following the completion of the global offering, we own a 9.9 per cent. equity interest in ESR Kendall Square REIT indirectly through our subsidiaries. The listing took effect on 23 December 2020.

Multi-lease agreement with Mitsubishi Fuso Truck and Bus Corporation

On 26 November 2020, we announced that we and Mitsubishi Fuso Truck and Bus Corporation ("**MFTBC**") have worked closely on a sweeping reorganisation of logistics operations in Kanagawa prefecture, Japan. The landmark transaction has resulted in 2 new lease agreements between ESR and MFTBC and material amendment of a third one. It involves ESR's 2 leading park projects under development in Tokyo with a combined total build-out area of circa 900,000 sqm and expected completion value in excess of US$3.0 billion.

India Joint Venture with GIC

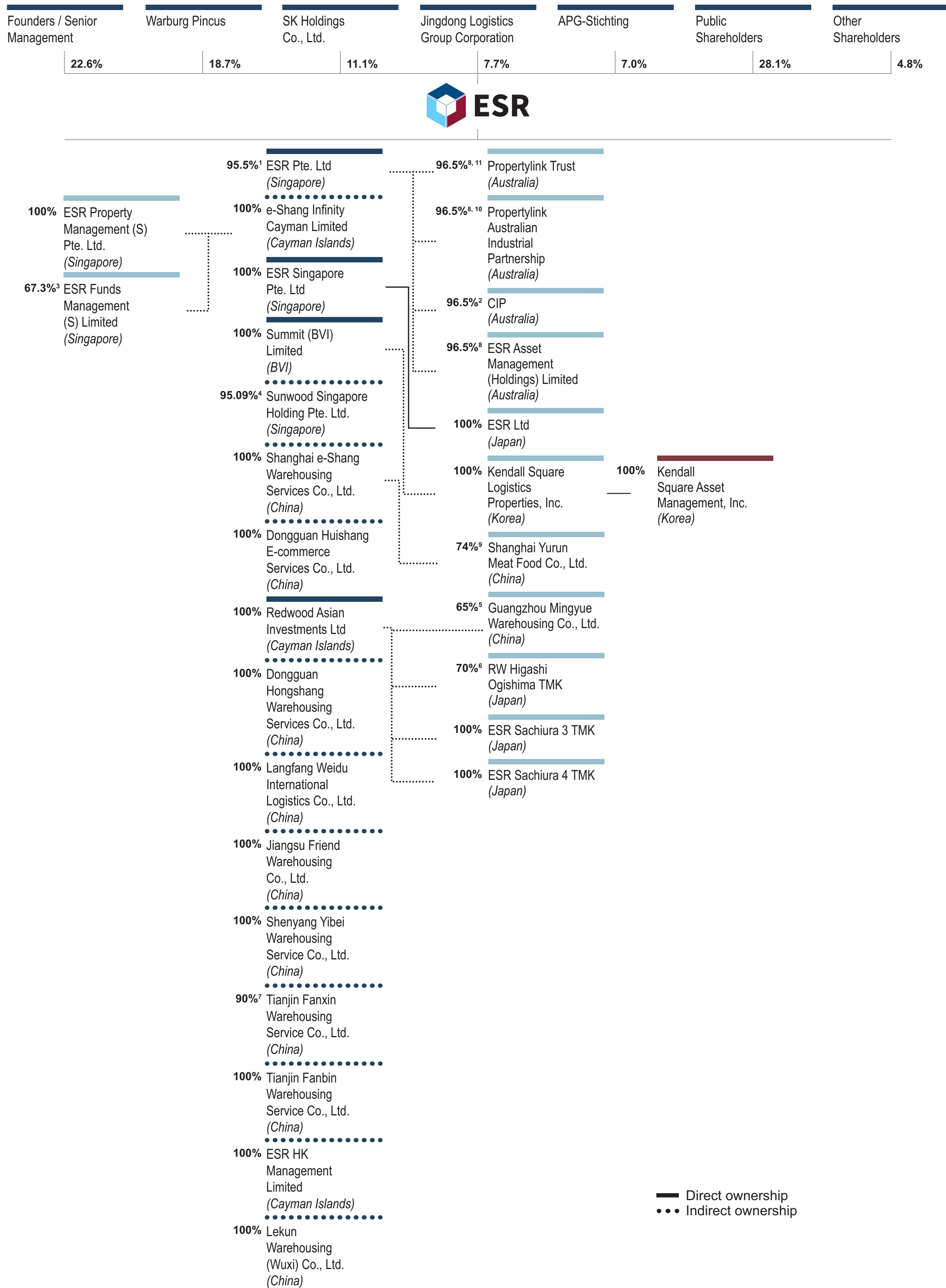
On 22 December 2020, we announced that we have entered into a strategic partnership with GIC to establish a US$750 million joint venture (the "**GIC India Joint Venture**"), of which ESR holds a 20 per cent. stake, to develop and acquire industrial and logistics assets in India. The GIC India Joint Venture will develop and own institutional-grade, state-of-the-art industrial and logistics facilities as well as acquire core assets, focusing on Tier 1 and Tier 2 cities across India. The GIC India Joint Venture will be seeded with approximately 2.2 million sq ft build-to-core asset, located in close proximity to the large consumption hubs of Mumbai and Thane.

Partnership with DHL Supply Chain

On 2 February 2021, we announced that ESR Australia has entered into agreements with DHL Supply Chain to develop a new state-of-the-art pharmaceutical distribution facility at ESR Bringelly Road Business Hub in Western Sydney which DHL Supply Chain will lease for 10 years. The site is owned by EALP and will see the joint development of an A$83 million (approximately US$57.2 million) warehouse and distribution facility with circa 36,000 sqm gross floor area on an approximately 70,000 sqm site. Due for completion in late 2021, the development is a temperature-controlled warehouse intended for the storage and distribution of pharmaceutical products, including medical supplies and machines.

OUR STRUCTURE

The following chart shows our corporate structure as at 31 December 2019, which should be read in conjunction with the accompanying notes and the rest of this Offering Circular.



Notes:

(1) The remaining 4.5 per cent. equity interest in ESR Pte. Ltd is held by Rosewood (Cayman) Holdings, the ultimate beneficial owner of which is a director of certain subsidiaries of our Group.

(2) CIP is wholly owned by ESR Developments (Australia) Pty Ltd, which in turn is wholly owned by ESR Australia, which in turn is held as to approximately 99.99 per cent. equity interest by ESR Australia Holding Company Pte. Ltd and as to approximately 0.01 per cent. equity interest by Mr. Philip Pearce, a director of ESR Pte. Ltd. (one of our subsidiaries) and other subsidiaries in our Group. ESR Australia Holding Company Pte. Ltd is held as to 96.5 per cent. equity interest by ESR Pte Ltd, another subsidiary. The remaining 3.5 per cent. equity interest in ESR Australia Holding Company Pte. Ltd is held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust, as to 2.6 per cent. and Maxmont Pty Ltd, as trustee for the Lynch-Grant Investment Trust, as to 0.9 per cent., the ultimate beneficial owner of each of these entities are either current or former directors of certain subsidiaries of our Group.

(3) The remaining 32.7 per cent. equity interest in ESR Funds Management (S) Limited is held by Mitsui & Co Ltd, an independent third party to our Group, as to 7.7 per cent., save for its interest in ESR Funds Management (S) Limited and Shanghai Summit Pte Ltd as to 25.0 per cent.

(4) The remaining 4.9 per cent. equity interest in Sunwood Singapore Holding Pte. Ltd. Is held by Mr. Thomas Nam as to 2.9 per cent., CEO of ESR Korea, and by Mr. Jihun Kang as to 2.0 per cent., CIO of ESR Korea.

(5) Guangzhou Mingyue Warehousing Co., Ltd (廣州市銘粵倉儲有限公司) is held as to 100.0 per cent. equity interest by Mingyue Logistics Pte Ltd, an indirect subsidiary of our Company, which in turn is held as to 65.0 per cent. equity interest by Redwood Phoenix China Investment Fund Pte Ltd, an indirect subsidiary of our Company. The remaining 35.0 per cent. equity interest in Mingyue Logistics Pte Ltd is held by RCLF Guangzhou 1 Pte. Ltd., which is wholly owned by Redwood China Logistics Fund Limited Partnership, which is managed by our Group. Redwood Phoenix China Investment Fund Pte Ltd is wholly owned by Redwood Asian Investments, Ltd, a subsidiary.

(6) RW Higashi Ogishima TMK is owned as to 50.01 per cent. economic interest by RW Higashi Ogishima GK, an indirect subsidiary of our Company wholly owned by HGS Japan Pte. Ltd., an indirect subsidiary of our Company wholly owned by RW Higashi Pte. Ltd., an indirect subsidiary of our Company ("**Higashi Pte**"). The remaining 49.99 per cent. economic interest in RW Higashi Ogishima TMK is held by RW Higashi SPE 1 Pte. Ltd, an indirect subsidiary of our Company wholly owned by Higashi Pte. Higashi Pte is owned as to 70.0 per cent. equity interest by Redwood Investor (Higashi) Ltd, a wholly owned subsidiary of Redwood Asian Investments Ltd, a subsidiary. The remaining 30.0 per cent. equity interest in Higashi Pte is held by Redwood Japan Logistics Fund II Limited Partnership, a Japan development fund which is managed by our Group.

(7) Tianjin Fanxin Warehousing Service Co., Ltd. (天津凡信倉儲服務有限公司) is wholly owned by ABM Capital Limited (incorporated under the laws of Hong Kong), an indirect subsidiary of our Company, which in turn is wholly owned by ABM Capital Limited (incorporated under the laws of the BVI) ("**ABM BVI**"), an indirect subsidiary of our Company, which in turn is held as to 90.0 per cent. equity interest by Delte Offshore Holdings (BVI) Limited, a wholly owned subsidiary of our Company. The remaining 10.0 per cent. equity interest in ABM BVI is held by Ambition Mind Holdings Limited, an independent third party to our Group, save for its interest in ABM BVI.

(8) The acquisition of Propertylink was completed on 24 April 2019. Propertylink is wholly-owned by ESR Australia, which in turn is held as to approximately 99.99 per cent. equity interest by ESR Australia Holding Company Pte Ltd and as to approximately 0.01 per cent. equity interest by Mr. Philip Pearce, a director of ESR Pte. Ltd. (one of our subsidiaries) and other subsidiaries in our Group. ESR Australia Holding Company Pte Ltd is held as to 96.5 per cent. equity interest by ESR Pte Ltd, another subsidiary. The remaining 3.5 per cent. equity interest in ESR Australia Holding Company Pte. Ltd is held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust, as to 2.6 per cent. and Maxmont Pty Ltd, as trustee for the Lynch-Grant Investment Trust, as to 0.9 per cent., the ultimate beneficial owner of each of these entities is a director of certain subsidiaries of our Group.

(9) The remaining 26 per cent. equity interest in Shanghai Yurun Meat Food Co., Ltd is held by Jiaxing Yishang Equity Investment Partnership (Limited Partnership), which is controlled by a fund managed by us.

(10) PAIP is wholly-owned by ESR ALF Qld Trust, which in turn is wholly owned by ESR Queensland Hold Trust, which in turn is wholly owned by ESR Australia Logistics Fund, which in turn is wholly owned by ESR Co-Invest Trust, which in turn is wholly owned by ESRT No 2, which in turn is wholly owned by ESRT, which in turn is held as to approximately 99.99 per cent. equity interest by ESR Hold Trust and as to approximately 0.01 per cent. equity interest by Mr. Philip Pearce, a director of ESR Pte. Ltd (one of our subsidiaries) and other subsidiaries in our Group. ESR Hold Trust is held as to 99.90 per cent. equity interest by ESR Australia Holding Trust, which in turn is wholly-owned by ESR Australia Holding Company Pte Ltd, which in turn is held as to 96.5 per cent. equity interest by ESR Pte Ltd, another subsidiary. The remaining 3.5 per cent. equity interest in ESR Australia Holding Company Pte. Ltd is held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust, as to 2.6 per cent. and Maxmont Pty Ltd, as trustee for the Lynch-Grant Investment Trust, as to 0.9 per cent., the ultimate beneficial owner of each of these entities is a director of certain subsidiaries of our

Group. The remaining approximately 0.1 per cent. equity interest in ESR Hold Trust is held by ESR Australia Holding Company Pte. Ltd directly.

(11) Propertylink Trust is wholly owned by ESR Co-Invest Trust, which in turn is wholly owned by ESRT No 2, which in turn is wholly owned by ESRT, which in turn is held as to approximately 99.99 per cent. equity interest by ESR Hold Trust and as to approximately 0.01 per cent. equity interest by Mr. Philip Pearce, a director of ESR Pte. Ltd (one of our subsidiaries) and other subsidiaries in our Group. ESR Hold Trust is held as to approximately 99.90 per cent. equity interest by ESR Australia Holding Trust, which in turn is wholly-owned by ESR Australia Holding Company Pte Ltd, which in turn is held as to 96.5 per cent. equity interest by ESR Pte Ltd, another subsidiary. The remaining 3.5 per cent. equity interest in ESR Australia Holding Company Pte. Ltd is held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust, as to 2.6 per cent. and Maxmont Pty Ltd, as trustee for the Lynch-Grant Investment Trust, as to 0.9 per cent., the ultimate beneficial owner of each of these entities is a director of certain subsidiaries of our Group. The remaining approximately 0.1 per cent. equity interest in ESR Hold Trust is held by ESR Australia Holding Company Pte. Ltd directly.

In September 2020, we disposed of our business in CIP through a management buyout.

In November 2020, WP OCIM One LLC entered into a placing agreement with a placing agent to sell at least 138,000,000 shares in the Company. Following the completion of the placing, WP OCIM will own less than 5 per cent. of the issued share capital of the Company.

On 15 December 2020, Redwood Investment Company, Ltd. ("**Redwood**") entered into a sale and purchase agreement for the acquisition of 30,587,052 shares of the Company (representing approximately 1 per cent. of the issued share capital of the Company) from OMERS Administration Corporation (the "**Redwood Acquisition**"). Redwood is indirectly owned as to 50 per cent. and 50 per cent., respectively, by Mr. Stuart Gibson, the Executive Director, Co-founder and Co-Chief Executive Officer of the Group, and Mr. Charles Alexander Portes, the Non-Executive Director and Co-founder of the Group. The Redwood Acquisition was completed on 23 December 2020. Following the completion of the Redwood Acquisition, Mr. Stuart Gibson and Mr. Charles Alexander Portes are jointly interested in approximately 14.79 per cent. of the issued share capital of the Company.

On 23 December 2020, Laurels Capital Investments Limited (the "**Laurels**") entered into a sale and purchase agreement in respect of 30,000,000 shares of the Company (representing approximately 0.98 per cent. of the issued share capital of the Company) and 3,899,928 options in respect of shares of the Company, both from WP OCIM One LLC the "**Laurels Capital Acquisition**"). Laurels is wholly owned by The Shen Trust, of which Mr. Shen Jinchu is the sole shareholder of the settlor. Following the completion of the Laurels Capital Acquisition, Mr. Shen will be interested in approximately 10.45 per cent. of the issued share capital of the Company (inclusive of issued shares and shares underlying share options pursuant to the Tier 1 ESOP).

COMPETITIVE STRENGTHS AND STRATEGIES

Competitive Strengths

We are the largest APAC focused logistics real estate platform

We are the largest APAC focused logistics real estate platform by GFA and by the value of the Portfolio Assets and we believe that we have the largest development pipeline in aggregate across APAC.

Our network of strategically-located modern logistics facilities in APAC combined with our logistics real estate fund management platform offers us a number of strategic benefits:

- *Dynamic growth.* Revenue of APAC's e-commerce logistics market had expanded in recent years and is expected to grow further. We believe that our APAC focus differentiates us from certain

global logistics real estate players for whom Asia is a small part of their portfolio or who concentrate on more limited geographies in APAC, and positions us to capitalise on this dynamic growth with strong on-the-ground execution and tenant sourcing capabilities, as evidenced by our 66.3 per cent. growth in AUM from the financial years ended 31 December 2018 and 2019 to the six months ended 30 June 2020.

- *Economies of scale.* Our scale and presence across six economies in APAC gives us advantages of scale and regional tenant relationships over those local players that only operate in one country. This scale is complemented by the strength of our balance sheet and the size of our fund management platform which together enable us to be nimble in acquiring land and to start construction promptly without having to source third party financing for each project. Further, our scale offers us cost efficiencies in terms of negotiating construction contracts and facility management contracts and optimising personnel resources.

- *Network effect.* Having the largest portfolio of modern logistics facilities in APAC provides our tenants with regional solutions as their business grows. Further, our broad and diverse logistics real estate fund management platform also provides investors a single interface to access investment opportunities across APAC. For example, APG Group is a capital partner in our funds in the PRC, South Korea and Japan and remains open to exploring investments in other markets in APAC with us. Our broad network of modern logistics facilities and investment vehicles underpins our value proposition to tenants and capital partners.

We have an integrated development platform with strong project sourcing and execution capabilities, complemented by our efficient capital recycling strategy

We have a high-performing development platform with an end-to-end integrated suite of technical capabilities and services to meet tenants' growing demand in key APAC markets. Throughout the development cycle, we have expertise to source ground-up (greenfield) and re-development (brownfield) opportunities across APAC to design, construct and lease modern logistics properties. One of our key strengths for prospective tenants and capital partners is our ability to execute logistics development projects at a consistently efficient and high quality level, delivering modern facilities characterised by large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. We conduct feasibility studies, master planning, project design, project cost analysis and project management for each of our logistics properties so as to cater to individual tenants' needs. The quality of our logistics facilities has been recognised, for example, through the award of LEED Gold certification for two of our logistics facilities, located in Kunshan and Wuxi in the Greater Shanghai area.

Depending on the market and property type, it typically takes us approximately 12 to 24 months to develop the Portfolio Assets from land acquisition to stabilisation, which is in line with industry standards. We believe our development capabilities and ability to offer tailored services such as customised site selection, land acquisition and design helps us attract high quality and long-term tenants. For example, we delivered to Amazon.com, Inc. the Kunshan Friend I facility, a customised project in the Greater Shanghai area, PRC, with construction completed within 11 months. In another case, we provided highly-specified logistics facilities for a leading German automobile manufacturer in Guangzhou, PRC, with construction completed in 13 months.

Our high-performing development platform complements our efficient capital recycling strategy, in which we dispose of assets that we own directly or are owned by the development funds we manage to the core/core-plus funds and investment vehicles we manage, and potentially to REITs. In the first half of 2020, we recycled US$601 million of assets on the balance sheet into ESR managed funds, from

the divestment of five balance sheet assets in China to ESR-GIC JV and the divestment of 20 assets in Australia from assets acquired from Propertylink into EALP. In the first half of 2019, we completed the disposal of seven properties with an aggregate gross asset value of approximately US$276.7 million from our balance sheet to NCI Core Fund, in respect of which we realised gains of US$16.5 million. In December 2018, we effected the disposal of a total of six completed modern logistics facilities from Redwood Japan Logistics Fund Limited Partnership to our Japan Core Fund with an aggregate value of approximately US$959.0 million. In August 2017, we disposed of a total of five properties from our balance sheet with an aggregate value of approximately US$295.7 million to China Invesco Core Fund, which realised gains for us of US$38.3 million. We also have the flexibility to dispose of assets to other core/core-plus funds that we may form and/or manage in the future and to third parties. This provides an exit strategy for our development platform and realises gains for us and for our development fund capital partners.

Through our acquisition of Propertylink, we have further expanded our capabilities into the Australian market, where we pursue capital recycling opportunities with Propertylink's fund management platform in furtherance of our integrated business model.

Our fund management platform provides us with high margins and stable fee income largely independent of property values

We have 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) and additionally allows us to participate in a disproportionate share of equity gains through a promote, upon exceeding a certain target IRR and after our capital partners have received their targeted capital returns. As we manage multiple funds with varying investment mandates, we can dispose of assets from our development funds to our core/core-plus funds as they mature, and continue to generate fees from such assets.

We manage development funds and core/core-plus funds in PRC, Japan, South Korea and India, and two public REITs in Singapore and one public REIT in South Korea. We believe the depth and breadth of our fund management platform attracts sophisticated capital partners who want to access multiple investment opportunities across APAC through a single interface. We have grown our Fund AUM from US$14.1 billion as of 31 December 2018 to US$23.7 billion as of 30 June 2020. Our fund management revenue has increased from US$135.6 million in 2018 to US$166.7 million in 2019, and for the six months ended 30 June 2020, our fund management revenue was US$83.6 million.

Our fund management platform was designed to provide us with long-term operational control of the logistics real estate assets and sustainable fees across the full asset life-cycle, without necessarily holding such assets on our balance sheet, which supports our ability to remain resilient throughout changing business cycles and fluctuations in asset value.

Our platform is supported by a network of high-quality tenants and capital partners with whom we have strong and long-standing relationships

We lease the logistics facilities owned directly by us or by the funds that we manage to a broad range of large and mid-sized, multinational and domestic tenants, including e-commerce companies, 3PL providers, bricks-and-mortar retailers, manufacturers, cold-chain logistics providers and others. These tenants are in a large variety of industries, including electronics, fast-moving consumer goods, retail, food and beverage, general logistics services, auto and parts, pharmaceuticals, medical instruments and machinery. The majority of the tenants in the Portfolio Assets service domestic consumption in APAC.

We believe our proven ability to deliver tenant-driven solutions within short development timelines is attractive to potential tenants. Together with our broad network across APAC, this capability has made us 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. In APAC overall, e-commerce and 3PL tenants made up approximately 63 per cent. of the tenant base of the Portfolio Assets by leased area, as of 30 June 2020.

As APAC supply chain decisions are generally made locally within the region, our ability to connect with the decision makers and know their requirements have allowed us to establish regional supply chain solutions for our tenants. Our value proposition to our tenants has resulted in an occupancy rate of approximately 91 per cent. for stabilised properties in the Portfolio Assets as of 30 June 2020. Further, our network of high quality tenants underpins our ability to lease any vacancies.

We have a diversified global institutional investor base whom we believe are attracted by our ability to deliver strong ongoing returns and long-term value creation. Many of our capital partners, such as APG Group, CPP Investments, Ping An and Allianz Real Estate, are long-term investors with capital commitments in more than one of our investment vehicles, and some of them invest in our funds in more than one jurisdiction. For example, investment vehicles managed by the APG Group first invested with us in the PRC in 2014 and subsequently in South Korea in 2015 and 2020 and in Japan in 2019. Also, CPP Investments first invested with us in our development fund in South Korea in 2015 and subsequently in 2020, and also invested with us in our core fund in South Korea in 2018. The size and scale of our capital partners combined with their long-term approach, and our multinational platform provide us with access to capital across APAC. This network positions us to take advantage of growth opportunities in our existing markets at various stages of the investment cycle, and provides flexibility to our capital partners to deploy their capital across different geographies and risk profiles via different types of funds and investment vehicles.

We believe our regional presence increases the strength of our relationships with our tenants and capital partners, creating a virtuous cycle. Our capital partners utilise an increasing amount of capital to facilitate the expansion of our logistics real estate infrastructure; the expansion of our regional footprint attracts existing and potential tenants seeking regional solution-providers, which in turn attracts more investor interest and partnership opportunity.

We have a proven ability to grow organically and to execute opportunistic M&A transactions to expand our capabilities, broaden the scope of the Portfolio Assets, and support our growth in the logistics real estate industry

Our organic growth capabilities are evidenced by our expansion into new markets, including South Korea in 2014 and India in 2017. In South Korea, we have partnered with strong local leadership to take advantage of the transformation in the logistics real estate sector from traditional warehousing to modern logistics facilities. Similarly, in India, we have assembled a local team and in November 2018 closed a US$228.9 million fund with a global real estate investor based in Germany that has the potential to increase to EUR380 million (approximately US$427.0 million).

We also have demonstrated our ability to identify market opportunities, execute strategic M&A, and integrate new businesses into our platform, which has allowed for quick scalability in new and existing markets. Furthermore, we believe the multiple benefits that we are able to provide to target companies, such as our balance sheet capital, cross region network, fundraising capability, development expertise and tenant relationships make us an attractive partner for ambitious management teams seeking help to grow their platforms. Using strategic M&A, we can broaden our market coverage, create investment opportunities, increase our property holdings and provide our capital partners with a wider range of platforms across markets to mobilise their capital.

The formation of our Company in 2016 through the merger of e-Shang and the Redwood group expanded our development pipelines in the PRC, Japan and South Korea, enhanced our business relationships with leading multinational corporate tenants and strengthened our relationships with diverse, institutional capital partners, such as APG Group, CPP Investments, Ping An and Allianz Real Estate. Our acquisition of a group of project companies from Prax Capital in October 2016 further enhanced the breadth of our balance sheet assets in the PRC by securing properties with a combination of functionality, expansion flexibility and strategic locations, which have been attractive to our e-commerce and 3PL tenants.

In January 2017, we expanded into the Singapore market and obtained control of the ESR-REIT Manager. The subsequent merger of VIT with ESR-REIT in October 2018 was the first REIT merger on the SGX-ST and reflects the strength of our corporate development capabilities whilst expanding our fund management platform and capital raising abilities, giving us access to public capital with an international acquisition mandate. We further expanded our Singapore footprint in January 2020 with our acquisition of 100 per cent. equity interest in the Sabana Manager.

Our April 2019 acquisition of Propertylink continues our strategy to create a long-term, scalable industrial and logistics platform in Australia with proven development capabilities, and has provided us with an established land bank and a strong management team to create a development funds management platform with immediate scale.

We are led by a strong management team and backed by reputable shareholders

We are led by an experienced management team with a global track record. Our management team possesses deep competencies and experience in various aspects of the logistics real estate industry and management experience in multiple geographies. As of 31 December 2020, our senior management team has an interest in approximately 25.24 per cent. of our Company (assuming completion of the Laurels Capital Acquisition (as defined above)), which creates alignment between senior management and our shareholders. Our key management team members are as follows:

- Mr. Jinchu Shen, co-founder and co-CEO: Mr. Shen has over 20 years of industrial real estate experience in the PRC and was formerly Senior Vice President of Global Logistic Properties (formerly Prologis) in the PRC, where he oversaw operations representing the majority of the PRC portfolio of Global Logistic Properties. Prior to Prologis, he was a PRC logistics research director for DTZ and made the business case to originally bring Prologis into the PRC and, as a result, was instrumental in the development of the modern logistics real estate industry in the PRC.

- Mr. Stuart Gibson, co-founder and co-CEO: Mr. Gibson has over 24 years of real estate investment experience in APAC and was formerly President of Prologis Japan as well as co-founder and co-CEO of AMB BlackPine, Japan, and was instrumental in the development of the modern logistics real estate industry in Japan.

- Mr. Charles Alexander Portes, co-founder: Mr. Portes has over 24 years of real estate investment experience, including over 20 years of industrial real estate experience in APAC, and was formerly Head of Acquisitions in Japan and Capital Officer for Asia with Prologis Japan as well as Co-Founder and co-CEO of AMB BlackPine, Japan.

- Mr. Wee Peng Cho, CFO: Mr. Cho has over 25 years of international financial experience and was formerly CFO of SATS Ltd. which is listed on the Singapore Exchange, and worked for The Dow Chemical Company in various treasury roles in Dow's US headquarters and Singapore offices.

In addition to our strong management team, we are supported by key shareholders, such as JD.com, Inc. and OMERS, who have provided us with the ability to leverage our shareholders' capabilities in originating logistics solutions, access to capital and access to strategic land holdings and tenant relationships.

STRATEGIES

Our goal is to expand on our position as a leading logistics real estate and fund management platform in APAC. We intend to pursue the following growth strategies to achieve this goal:

Continue to execute our integrated strategy and capitalise on the significant market opportunities across APAC

We intend to leverage our position as the largest APAC focused logistics real estate platform by GFA and value of the Portfolio Assets to further extend our market leadership positions through our high performing integrated business model as follows:

- *Further develop our markets and build logistics infrastructure for the modern economy.* We intend to continue developing modern logistics facilities targeting metropolitan populations and centres of consumption that will form part of the backbone of 21st century commerce across APAC. Below are highlights of our development strategies in our key markets in APAC:

    - *PRC.* Acquire additional land in strategic locations, form new partnerships and joint ventures to scale up our business in developed and high growth areas. We will also seek strategic investment opportunities in local logistics real estate players or potential strategic assets.

    - *Japan.* Leverage the continued growth of 3PL providers, e-commerce companies, internet and mail order services and develop new logistics facilities in locations that enhances our portfolio and complement our tenants' business and expansion plans.

    - *South Korea.* Expand our existing presence in the greater Seoul and Busan markets by pursuing both development and core/core-plus opportunities, further enhancing our position as the largest logistics facilities supplier in the Seoul Metropolitan Area.

    - *Singapore.* Grow ESR-REIT through platform and asset acquisitions and pursue development and redevelopment opportunities.

    - *Australia.* Create a long-term, scalable logistics platform in Australia with proven development capabilities. We leverage CIP's land bank and strong management team to seed a development fund with scale. This is complemented by our strategic investments in Propertylink and Centuria. Following the completion of the Propertylink Acquisition and pursuant to our capital recycling strategy, we own and manage certain of Propertylink's existing assets within our Group and to transfer certain of the assets into new funds and investment vehicles managed by us. For more information, see the section headed "*Description of the Company — Major Mergers And Acquisitions And Recent Developments*

    - *India.* Create one of the leading Indian logistics real estate platforms with a focus on developing larger-style modern logistics parks, initially targeting the major cities of Mumbai, Pune, Delhi, Chennai and Bangalore.

- *Continue to build on our network of high quality tenants.* Our current APAC market leadership and ability to grow is supported by our network of high quality tenants. Our tenants come back to us due to our ability to deliver high quality state-of-the-art logistics facilities across their operating network on efficient development timelines and budgets. We intend to continue building modern logistics facilities in strategic locations that meet the evolving expansion needs of our tenants, especially those that make supply chain decisions across APAC (such as JD.com and Cainiao, a member of the Alibaba Group).

- *Continue to leverage on our integrated fund platform.* Using our robust deal sourcing and development capabilities and our capital pool, we intend to provide our capital partners with access to deal opportunities across APAC to actively participate in the growth of the APAC economy and e-commerce market penetration. By bringing our capital partners across APAC, we will be able to provide the capital for developments and platform acquisitions in new markets in APAC. We will continue to launch development and new core/core-plus funds and platforms, as well as REITs to grow our AUM.

Leverage our scale and geographic presence to expand into new growth markets to deepen our regional connectivity

We will continue to actively evaluate opportunities in new markets through potential partnerships and selective acquisitions in high growth markets (such as Indonesia, Thailand and Vietnam), leveraging on our strong management expertise and diverse network of existing tenant relationships. We intend to deepen our regional connectivity by offering a single solution for regional tenants as supply chain efficiency becomes increasingly critical. For example, JD.com, Carrefour and Amazon.com, Inc. are tenants in more than one of our markets of operation. Our tenants can benefit from our ability to offer logistics solutions in multiple cities in multiple markets.

We are focused on building and deepening long-term tenant relationships and delivering solutions that meet our tenants' business needs, helping them to improve their supply chain efficiency and fulfil their strategic expansion goals. We intend to promote the broad product and geographic offerings of our logistics facilities portfolio to attract existing and prospective tenants with a view to expanding our footprint in the region.

Expand our fund management platform across geographies, strategies and liquidity profiles and attract new capital partners while bringing existing capital partners across markets

We intend to expand our fund management platform to support our growth plans, taking advantage of our global institutional investor base and capital recycling model, which efficiently allocates capital across our balance sheet and the funds and investment vehicles we manage. For example, in 2017, we signed agreements to dispose of certain directly held properties with an aggregate disposal asset value of approximately US$295.7 million to China Invesco Core Fund. In the first half of 2019, we completed the disposal of seven properties with an aggregate gross asset value of approximately US$276.7 million from our balance sheet to NCI Core Fund. In the first half of 2020, we recycled US$601 million of assets on balance sheet into ESR-GIC JV and EALP. We intend to continue to inject select completed properties into our core/core-plus funds to return capital and spur near-term expansion into higher-growth acquisition and development opportunities while retaining management control, fee revenue and pro-rata earnings share from completed properties.

For our listed fund platform, we will continue to pursue acquisition opportunities that provide attractive and stable cash flows and yields together with growth potential. We also intend to leverage our extensive network to selectively expand our existing REIT vehicles or set up new REITs to capitalise

on significant opportunities that exist in other real estate markets in Asia. For example, we recently established a new private REIT in Japan that will focus on typically smaller and/or longer-established assets in Japan which are not part of the mandate of the Japan Core Fund. We believe that this will enable us to more aggressively tap capital inflows into the Asia real estate sector to grow our portfolio management fee income, and at the same time, create value for our capital partners and shareholders.

We will continue to leverage the network effect produced by our scale and geographic presence to attract capital partners across APAC. Our scale across the region permits us to be able to raise capital for an APAC-focused strategy, allowing investors to gain pan-APAC exposure through investing in multiple funds. Additionally, we also intend to establish a pan-APAC fund in the future to provide investors with a single product to get exposure to logistics real estate across the region, as many investors are seeking regional investment allocations and have neither the risk tolerance nor the expertise to make country specific allocations.

Finally, we intend to deepen our capital partner relationships and also establish long-term relationships with selected small- and medium-sized investors as well as to establish new funds that will allow us to have wider discretion, better economics and further diversification of our investor base.

Strategically explore and expand into adjacent businesses and investment products within Asia

We intend to leverage our ecosystem of shareholders, capital partners, local teams and tenants to penetrate adjacent businesses that benefit from the synergies of our platform, such as real estate properties to be used for data centres, suburban IT offices and business parks. We also intend to utilise our platform to capitalise on the high percentage of user-owned real estate to structure sale-leasebacks, where we acquire existing logistics facilities and lease them back to the original owners to satisfy their financial and working capital needs; a structure that is much more common in the US than it is in Asia. We believe our existing strengths will facilitate our business strategies and our expansion into new asset classes in the future.

PRINCIPAL BUSINESS ACTIVITIES

Our Company is organised into business units based on our products and services and has three reportable operating segments: development, fund management and investment.

The table below sets forth the results of our three reportable operating segments, as an absolute amount and as a percentage of our total segment results, for the financial years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020:

	Year ended 31 December				Six months ended 30 June			
	2018		2019		2019		2020	
	US$	%	US$	%	US$	%	US$	%
	(in thousands, except percentages)							
Segment Results								
Development	115,503	25.2	244,782	38.7	102,445	40.7	126,824	42.3
Fund management	109,601	23.9	131,825	20.8	49,874	19.8	64,356	21.5
Investment	233,592	50.9	256,087	40.5	99,324	39.5	108,558	36.2
Total[(1)]	**458,696**	**100.0**	**632,694**	**100.0**	**251,643**	**100.0**	**299,738**	**100.0**

Note:

(1) Excludes, among others, corporate and other unallocated expenses.

As of 30 June 2020, we owned or managed: (i) completed GFA of 10.6 million sqm, (ii) GFA under construction of 4.3 million sqm and (iii) GFA on land held for future development of approximately 3.8 million sqm. As of 31 July 2020, we also entered into a number of MOUs to acquire properties for our balance sheet and for the funds and investment vehicles we manage representing GFA of approximately 3.5 million sqm in the PRC and approximately 3.7 million sqm across Japan, South Korea, Australia and India. As of 30 June 2020, 72.3 per cent. of the Portfolio Assets in terms of GFA were held by the funds and investment vehicles that we manage, with the rest held on our balance sheet.

DEVELOPMENT

We develop logistics properties on our balance sheet and through the funds and investment vehicles we manage. We have established efficient, high-quality and scalable greenfield and brownfield logistics facilities development capabilities in each country where we operate with our extensive in-house expertise from selection and acquisition of sites to the design, construction and leasing of modern logistics facilities. These facilities are characterised by large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. We conduct feasibility studies, master planning, project design, project cost analysis and project management for each of our logistics properties. We contract with and supervise third-party construction companies to construct the logistics facilities.

We earn development profit through the development, construction and sale of completed properties from our balance sheet. We also derive pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles we manage in proportion to our co-investments in those funds and investment vehicles. Our business model allows us to transfer properties under development to our funds and investment vehicles, from which we derive fund management fees, including development fees and acquisition fees. Additionally, our ability to develop certain properties on our balance sheet gives us the ability to seed funds with fully developed and stabilised properties from our balance sheet, which not only facilitates fundraising but also helps us to realise development gains when we dispose of such properties.

Our development activities are led, in addition to our co-founders Mr. Jinchu Shen, Mr. Stuart Gibson and Mr. Charles Alexander Portes, by local teams that we have established in each country in which we operate. Mr. Adrian Chui, CEO and executive director of ESR-REIT Manager, has over 18 years of experience in real estate developers, REITs, banking and capital markets in Singapore and ASEAN. Mr. Thomas Nam, CEO of ESR Korea and former head of Prologis in South Korea, and Mr. Jihun Kang, CIO of ESR Korea, are both considered logistics real estate industry leaders in South Korea. Mr. Abhijit Malkani, one of the country heads of ESR India, has over 18 years of experience in commercial and industrial real estate operations in North America, Europe, the Middle East and Asia, including 11 years of experience in logistics and industrial real estate in India, and was recently the Head of Business Development for IndoSpace (currently one of the largest logistics real estate platforms in India). Mr. Jai Mirpuri, the other country head of ESR India, has over 17 years of experience in real estate investment and fund management in Asia and North America. Mr. Philip Pearce, CEO of ESR Australia, has over 20 years of experience in real estate in APAC and was formerly Managing Director for Greater China for the Goodman Group from 2013 to 2016 where he was responsible for the establishment of the Goodman Group's business in China. Mr. Hideaki Matsunami, Managing Director of ESR Japan, has over 40 years of real estate experience in Japan and was formerly Senior Vice President in AMB Japan and Prologis Japan.

In August 2018, we acquired CIP for approximately A$40.1 million (approximately US$27.6 million) to launch our business in Australia. CIP is an integrated development group with a national presence in

Australia in developing commercial and industrial real estate projects. We subsequently divested the construction component of the CIP business in September 2020.

In each country where we operate, we endeavour to acquire strategic locations to build logistics facilities. We also purchase existing logistics facilities, generally with a view towards refurbishing, expanding, modernising or replacing them.

The modern logistics properties that we develop generally offer the following key features:

- *Optimal space utilisation.* Large floor plates, high ceilings and wide column spacing.

- *High operating efficiency.* Spacious loading and parking areas equipped with modern loading docks.

- *Storage safety.* Security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems.

- *Flexibility to provide customised features.* Office space, air-conditioning and refrigeration/freezing.

The table below summarises the total investment value of development starts and completions during the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	(US$ billion)	(US$ billion)	(US$ billion)	(US$ billion)
Development starts				
Assets on balance sheet	0.5	0.2	0.1	0.04
Assets held by funds and investment vehicles	1.6	1.8	0.2	0.7
Total	**2.1**	**2.0**	**0.3**	**0.8**
Development completions				
Assets on balance sheet	0.1	0.1	0.02	0.1
Assets held by funds and investment vehicles	1.8	1.8	1.4	2.1
Total	**1.9**	**1.9**	**1.4**	**2.2**

Development Process

We have established extensive standards and procedures in connection with the entire development process which are mainly monitored by a sub-committee of our Board, including procedures related to initial project assessment and site selection, land acquisition, project planning and design, project construction, and project monitoring and quality control. Although we typically utilise our in-house capabilities throughout the entire development process, we also engage third party consultants to assist our in-house teams in the project assessment, site selection, construction and property management process and occasionally in the leasing process. We also follow extensive standards in connection with our redevelopment projects, including procedures related to initial project assessment, property acquisition, project planning and design, project construction, and project monitoring and quality control.

Project Assessment and Site Selection

We assess several factors when conducting research in a target market, including the following:

- macro-economic indicators, local industry structure, demographics, purchasing power and consumption pattern, maturity of local logistics facilities market and competitive landscape;
- state of development in the region, supporting infrastructure, distance to city centres, transportation connectivity, local government policy and track record; and
- geographical characteristics and price of the target land to be acquired.

We also conduct feasibility studies on potential projects for development by evaluating key indicators such as:

- development potential of the project, potential tenants and expected rent and leasing timeline;
- cost of development;
- source and costs of financing; and
- potential investment return.

We regularly hire third-party consultants to assist our in-house teams in the project assessment and site selection process to perform, among other things, environmental due diligence, engineering due diligence, land surveys and market research.

Land Acquisition

Set forth below are the major procedures we carry out during the land acquisition stage:

- our local teams actively communicate with the local government or the private landowner with regard to the land acquisition process and undertake site visits and carefully review indicative terms of the investment agreements in connection with the property development project;
- a subcommittee of our board reviews and approves the acquisition plan and principal terms of the investment agreement; and
- we acquire land in both primary and secondary transactions and participate in public tenders, auctions and listing-for-sale processes to acquire the land, as applicable.

Substantially all of our logistics properties in Japan, South Korea and Australia are held on freehold land. Substantially all of our logistics properties in India are under long term lease agreements with the Indian government that convey land use rights and the right to derive profit from the use of the property. Substantially all of our logistics properties in the PRC are held under long-term land use rights granted by the PRC government that convey the right to derive profit from, and dispose of, the property and the land use rights. All of our logistics properties in Singapore are held on land leased from Singapore government agencies for varying tenures.

Project Planning and Design

We have established a comprehensive project design process that aims to satisfy the requirements of modern logistics facilities. We have also established specific design guidelines for logistics facilities that suit the different climates across APAC, with logistics facilities tailored for cold chain logistics services and multi-floor logistics facilities designs. We believe this standardised project design approach enhances the scalability of our business model as well as our ability to control the quality and costs of our logistics facilities.

Project Construction

With the exception of some projects in Australia, we hire third-party contractors to undertake the construction of properties, and we manage the construction through our local construction management department. Our construction management department reviews the key parameters for our project construction process, sets the evaluation criteria and sets out the main responsibilities of each project company. Our construction management department establishes the scope of centralised procurement and supply, delivery standards, construction standards and quality control specifications. Our construction management department oversees the day-to-day construction process carried out by our contractors.

Project Monitoring and Quality Control

We establish a budget for each project at the project company level, which is reviewed by senior management and ultimately approved by a subcommittee of our board. We develop a master plan for each project in order to monitor construction progress and to have better control over the entire development process. We have also established standard quality control measures and require our contractors to adhere to construction drawings and plans. Our construction management department carries out regular inspections at our construction sites in order to maintain strict quality standards.

In addition, the sub-committee of our Board mentioned above will also evaluate and carry out our investment strategy, strategic initiatives and financing needs of various projects and our operations.

FUND MANAGEMENT

Through our fund management platform, as of 30 June 2020, we managed 35 private third-party investment vehicles across APAC, as well as two publicly listed REITs in Singapore and a publicly listed REIT in South Korea. Our Fund AUM increased by 36.3 per cent. from US$14.1 billion as of 31 December 2018 to US$19.2 billion as of 31 December 2019, and further by 23.6 per cent. to US$23.7 billion as of 30 June 2020. As of 30 June 2020, total equity commitment in the funds and investment vehicles we managed was US$9.0 billion, of which US$5.4 billion was invested, with a further US$3.6 billion of uncalled capital to be deployed.

We earn fee income from managing the underlying assets on behalf of our capital partners through the funds and investment vehicles we manage. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in a disproportionate share of profits through a promote, upon exceeding a pre-determined target IRR and after our capital partners have received their targeted capital returns. The funds and investment vehicles we manage vary in risk profiles from private opportunistic development strategies to private core/core-plus income producing strategies and publicly listed REITs. Our management platform offers a variety of products across the spectrum of both risk and liquidity in order to attract broad sections of the global investor universe, gives us the ability to manage the underlying assets across the

development cycle and provides us with an efficient platform for recycling our own capital through the disposal of properties held on our balance sheet to the funds and other investment vehicles we manage or to third parties.

The table below summarises the aggregate number, Fund AUM, equity capital commitment and uncalled capital of the funds and investment vehicles we managed as of the dates indicated:

	As of 31 December		As of 30 June
	2018	2019	2020
	($ figures are in US$ millions)		
Aggregate number of funds and REITs	19	32	37
Fund AUM	$14,077	$19,189	$23,718
Equity capital commitment	$ 5,108	$ 6,508	$ 9,003
Uncalled capital	$ 1,803	$ 1,855	$ 3,601

Overview of Funds and Investment Vehicles

We categorise the funds and investment vehicles we manage into (i) development funds and (ii) core/core-plus funds and REITs.

- Our development funds are private real estate funds that invest in opportunistic and strategic investments such as greenfield or brownfield developments and which may entail higher risks but offer the potential for greater returns.

- Our core/core-plus funds and REITs include private real estate funds and three public listed REITs. These funds typically have a lower risk profile than our development funds and focus on increasing yields and returns through the acquisition of properties with stable incomes that are yield-accretive and which offer potential for growth through asset enhancement and/or an active leasing strategy. Our core-plus funds may also invest in value-add opportunities, such as redevelopments of existing structures, that have higher income growth potential but still have lower risk profiles than ground-up developments.

The table below summarises the funds and investment vehicles we managed as of 30 June 2020.

	Inception Date	Category	Fund AUM (in US$ millions)	Capital Commitments[1] (in US$ millions)	Uncalled Capital (in US$ millions)	Interest Held By ESR (%)	GFA ('000 sqm)
China							
e-Shang Star Cayman Limited	May 2014	Development	1,827	863	156	25.6	2,017
RCLF 1	Jul 2012	Development	685	440	—	2.3	1,009
China Invesco Core Fund	Oct 2017	Core	323	190	—	16.3	371
NCI Core Fund	Jan 2019	Core	275	159	—	10.0	325
GIC	Dec 2019[2]	Development	899	500	396	51.0	637
Manulife	Mar 2020	Core	168	265	93	1.5	219
Japan							
RJLF II	Apr 2018	Development	1,650	582	109	0.0	587
New Japan Core Fund	Dec 2018	Core	1,025	396	—	17.0	421
RJLF III	Jun 2019	Development	1,661	703	537	20.0	318
Other investment vehicles	Various	Development	2,836	1,134	504	Various	1,016
South Korea							
Sunwood Star Pte Ltd	Nov 2015	Development	3,224	1,150	337	20.0	2,356
South Korea Core Fund	Jul 2018	Core/Core Plus	1,248	500	153	10.0	613
Sunwood Star Pte Ltd JV 2	Jun 2020	Development	2,466	1,000	978	20.0	160
AMC Projects		NA	260	NA	NA	NA	186
Singapore							
ESR-REIT	2006	NA	2,240	NA	NA	9.3	1,403
Sabana REIT	2010	NA	601	NA	NA	20.9	383

	Inception Date	Category	Fund AUM (in US$ millions)	Capital Commitments[1] (in US$ millions)	Uncalled Capital (in US$ millions)	Interest Held By ESR (%)	GFA ('000 sqm)
Australia							
PEP	Aug 2016	Value Add	3	48	—	25.0	3
50 Ann PEP	May 2017	Core Plus	137	62	—	25.0	26
PAIP II	Sep 2015	Core Plus	221	99	—	17.5	150
PCII	Nov 2015	Core	24	10	—	7.5	10
POP III	Feb 2019	Core Plus	90	41	—	11.2	20
PACT	Dec 2017	Value Add	216	54	—	15.0	15
EALT	Nov 2019	Core Plus	232	121	55	20.0	94
EOP IV	Dec 2019	Core Plus	103	45	—	11.2	22
EALP	Jul 2020	Development	925	416	187	55.0[3]	465
India							
ESR India Logistics Fund	Nov 2018	Development	378	226	95	50.0	664
TOTAL OF ALL FUNDS			**23,718**	**9,003**	**3,601**		**13,488**

Notes:

(1) The commitment represents the aggregate capital commitments to the fund or investment vehicle, as applicable, including capital commitments by third-party investors and the general partner or investment manager. Foreign currency commitments have been converted into U.S. dollars based on: (i) the foreign exchange rate at the date of purchase for each investment; and (ii) the exchange rate that prevailed on 30 June 2020, in the case of uncalled commitments.

(2) JV agreement was signed in December 2019 and announced in January 2020.

(3) Following the sale of a further 35 per cent. interest in EALP to GIC in September 2020, we currently hold 20.0% interest in EALP as of the date of this Supplemental Offering Circular. See "— *Major Mergers and Acquisitions and Recent Developments — ESR Australia Logistics Partnership*".

Fund Structures

Private Real Estate Funds

Investors in our private real estate funds typically commit capital upon their subscription for interests in the fund, which is then drawn down periodically as investment opportunities arise, typically over a commitment period of three to four years in the case of our development funds and investment vehicles, which may be extended upon agreement by the manager and investors from time to time. After the commitment period, profits are returned to investors as investments are realised through the sale of such investments to our other funds and investment vehicles or to third parties, generally over three to five years. Our core/core-plus funds and investment vehicles do not have fixed commitment periods as capital is typically fully invested at the outset of our core/core-plus funds and investment vehicles. However, the investors under the core/core-plus funds and investment vehicles we manage may be obligated to make follow-on investments from time to time if required to support existing investments.

As the manager of the private real estate funds, we are responsible for the management of the funds' investment portfolio. We actively source real estate deals through our network and manage the investment process. We aim to add value through active management of the assets owned by the funds. We also seek opportunities to divest a fund's investments upon stabilisation of the underlying assets in order to maximise IRR.

We invest a portion of our own capital in funds that we set up in order to align our interests with investors. In the case of funds we set up as limited partnerships, we typically invest through an affiliate of the General Partner ("**GP**"). In the case of funds we set up as corporate vehicles such as joint ventures, we typically invest as a shareholder. We determine the level of our own capital commitments based on a variety of factors, including estimates regarding our liquidity over the relevant time period, the amounts of capital that may be needed for other funds and our general working capital requirements.

As of 30 June 2020, we managed a total of 35 private real estate funds and investment vehicles. The total equity commitment in these private real estate funds and investment vehicles amounts to US$9.0 billion. As of 30 June 2020, a total of US$5.4 billion had been called from these private real estate funds, representing 60 per cent. of the total equity commitment. As of 30 June 2020, our private real estate funds had a total AUM of US$20.9 billion. We are the developer, asset and investment manager and retain a stake up to 51 per cent. in each private real estate fund as of the date of this Supplemental Offering Circular.

Public Real Estate Funds — ESR-REIT and Sabana REIT

ESR-REIT is a Singapore-based REIT, principally investing directly or indirectly in income-producing real estate and real estate related assets in Singapore used primarily for industrial, warehousing and logistics purposes. ESR-REIT was listed on the SGX-ST on 25 July 2006. Through the successful acquisition of the ESR-REIT Manager in 2017, through which we manage ESR-REIT, we have broadened our APAC presence with an established REIT management team in Singapore. The transaction has also created an attractive capital recycling vehicle for us, as we now have the ability to inject stabilised assets from the funds and other investment vehicles we manage into ESR-REIT, subject to the relevant listing rules of SGX-ST, and as a result realise development gains on our balance sheet.

As of 30 June 2020, ESR-REIT had a diversified portfolio of 57 properties located across Singapore consisting of business parks, high specifications industrial properties, logistics/warehouse facilities and

general industrial properties. ESR-REIT's portfolio has aggregate appraised carrying value of approximately S$3.2 billion (approximately US$2.2 billion), a total GFA of approximately 15.1 million square feet (approximately 1.4 million sqm) as of 30 June 2020. As of 30 June 2020, we had an interest of approximately 9.3 per cent. in ESR-REIT and manage all of its assets as ESR-REIT's property and asset manager.

The ESR-REIT Manager's objective is to provide Unitholders with a stable income stream through the successful implementation of the following strategies:

- Acquisition of value-enhancing properties;
- Proactive asset management;
- Divestment of non-core properties; and
- Prudent capital and risk management.

In May 2018, ESR-REIT entered into an agreement with VIT, pursuant to which ESR-REIT agreed to acquire all the issued and paid-up stapled securities of VIT held by the stapled securityholders of VIT by way of a trust scheme of arrangement for a consideration of S$936.7 million (approximately US$671.8 million) (the "**VIT Merger**"). VIT is a Singapore-focused business park and industrial property stapled group. The principal investment strategy of VIT is investing in a diversified portfolio of income-producing real estate predominantly for business parks and other industrial purposes in Singapore and elsewhere in APAC. The VIT Merger took effect on 15 October 2018.

Following the completion of the VIT Merger, we continue to manage the assets of the enlarged ESR-REIT as its property and asset manager.

The Sabana Manager, which is our indirect wholly-owned subsidiary, is a company incorporated in Singapore and is the fund manager of Sabana REIT. Sabana REIT has a diversified property portfolio valued at S$836.9 million (approximately US$601 million) as of 30 June 2020, comprising 18 properties strategically located across Singapore. Sabana REIT primarily invests in income-producing real estate used for industrial purposes and real estate-related assets. Its portfolio comprises quality industrial buildings in four main industrial property segments: high-tech industrial, warehouse and logistics, chemical warehouse and logistics as well as general industrial. For further details, please refer to the section headed "*Description of the Company — Major Mergers And Acquisitions And Recent Developments — Sabana Manager Acquisition and Sabana REIT Investment*".

On 16 July 2020, the ESR-REIT Manager and the Sabana Manager jointly announced the proposed merger of ESR-REIT and Sabana REIT, to be effected by the acquisition through the trustee of ESR-REIT of all the units of Sabana REIT ("**Sabana Units**) held by the unitholders of Sabana REIT, in exchange for units in ESR-REIT ("**ESR-REIT Units**"), by way of a trust scheme of arrangement. The consideration for each Sabana Unit was the allocation and issuance of 0.940 new ESR-REIT Units intended to be credited to unitholders of Sabana REIT as fully paid. Based on the illustrative issue price of S$0.401, the implied aggregate consideration for the scheme would have been approximately S$396.9 million (approximately US$284.7 million). However, on 4 December 2020, the ESR-REIT Manager and the Sabana Manager announced that both REITs will not be proceeding with the transaction as the amendments of Sabana REIT's trust deed to include provisions that will facilitate the implementation of the merger, which was a condition to the merger, was not approved at Sabana REIT's Extraordinary General Meeting.

Fund Management Fees

We receive management fees in exchange for our management services. These management fees are paid either by the funds and investment vehicles or the project companies held by these funds and investment vehicles, using the capital contributed from the investors and/or the sale proceeds from the investments. Our management fees include base management fees, asset management fees and development fees, which are recognised over time, and acquisition fees and leasing fees, which are recognised at a point in time when such transactions occur. We also participate in a disproportionate share of profits through a promote, upon exceeding a pre-determined target IRR and after our capital partners have received their targeted capital returns. We earn more fees as we source new development opportunities, develop and dispose of assets from our balance sheet and from our development funds and investment vehicles, and expand our fund management platform. Below is a summary of the various fees we receive from the funds and investment vehicles we manage, which may be subject to certain fee rebates and discounts pursuant to side agreements with certain of our capital partners. For example, some side agreements include discounts to chargeable management fees or one-off rebates in the event of a budget overrun, as well as limited sharing of management fees if certain capital partners introduce new capital partners to the funds or investment vehicles managed by us.

Base Management Fees

We earn recurring base management fees from providing investment management services to the funds and investment vehicles we manage. Base management fees for our private real estate funds generally range from 1 per cent. to 2 per cent. per annum of committed or invested capital during the fund's commitment period and are generally 1 per cent. to 2 per cent. per annum of invested capital after the expiration of the fund's commitment period with subsequent reductions in fee percentages over time as investments are sold. Therefore, the percentage level of base management fees we earn depends almost exclusively on the percentage we are able to negotiate with our capital partners.

Asset Management Fees

We earn recurring asset management fees from providing asset management services in respect of the underlying assets held by the funds and investment vehicles we manage. Asset management fees for our private real estate funds are typically around 1 per cent. per annum of invested capital or 0.5 per cent. per annum of gross asset value of the properties owned by the relevant funds.

Development Fees

We earn project development fees for each property we develop to completion in our development funds. Development fees typically range from 4 per cent. to 5 per cent. of the total cost of the construction and development of the properties, excluding land costs and financing costs.

Acquisition Fees

We earn acquisition fees per transaction from the acquisition of land and properties. Acquisition fees typically range from 1 per cent. to 1.75 per cent. of the cost of land for land acquisitions and 0.5 per cent. to 1.75 per cent. of the cost of properties for property acquisitions.

Leasing Fees

We earn leasing fees on a transactional basis on new leases or renewal of leases on the properties held in the funds and investment vehicles we manage. Leasing fees typically range from 1 to 2.5 months of average rental, depending on lease term.

Promote

In addition to the profits allocable to us in proportion to our share of ownership in the funds and investment vehicles we manage, as the general partner to the funds managed by us and structured as limited partnerships and as the investment manager to the investment vehicles managed by us and structured as joint ventures, we are typically entitled to a promote, which allocates to us a disproportionate share of profits, upon exceeding a pre-determined target IRR for our investors. The promote is typically structured as a distribution waterfall such that we would share 10 per cent. to 37.5 per cent. of the net profits realised by the investors depending on the IRR achieved, subject to an initial performance hurdle which requires that investors receive an IRR of 8 per cent. to 12 per cent. in most of our funds.

Management of Funds and Investment Vehicles

The funds and investment vehicles we manage have different structures depending on the profile of our capital partners, the investment restrictions of our funds and investment vehicles, the nature of the project (i.e. target return, equity funding requirements, costs, timing, diversification etc.), exit alternatives and tax considerations.

The funds and investment vehicles are structured as limited partnerships or corporate vehicles such that each capital partner's liability is limited to their own capital commitment. The relationship between our affiliate (acting as GP) and the capital partners (each a limited partner) to our funds and investment vehicles is governed by a limited partnership agreement, which sets out the key investment terms (e.g. target IRR, investment restrictions, minimum capital commitments, commitment period, partnership term etc.), together with the rights, duties and liabilities of the partners. We also typically enter into a series of agreements with each of the funds and investment vehicles we manage for the provision of fund management services. These agreements typically include an investment management agreement, an asset management agreement and a project or development management agreement, as applicable. The property investments under each fund and investment vehicle are held and managed under separate project companies that hold the actual property rights.

The GP has overall responsibility for the management, operation and administration of the fund or investment vehicle, as applicable (and for supervising and directing the investment manager and appraising its recommendations). The key responsibilities of the GP include:

- approving funding requests upon decisions to invest by the investment manager;

- maintaining the books and records;

- making distributions to the limited partners;

- entering into any agreements or other arrangements on behalf of the fund or investment vehicle, as applicable; and

- opening and maintaining bank accounts and effecting necessary payments on behalf of the fund or investment vehicle, as applicable.

As permitted by law, the GP delegates day-to-day operations of the fund or investment vehicle, as applicable, and its portfolio to an affiliate pursuant to an investment management agreement. The key responsibilities of the investment manager include:

- selecting, acquiring, developing and monitoring of projects;

- preparing project budgets, business plans and valuation reports;
- managing the cash and cash flows of the fund or investment vehicle, as applicable;
- advising on the terms, timing and contractual agreements to dispose of projects;
- negotiating and managing all debt financing relating to projects;
- procuring and maintaining insurance for directors and officers and assets; and
- obtaining recommendations on matters that fall outside of the investment restrictions to our funds and investment vehicles.

The GP and investment manager are also directed by an independent advisory committee, comprising representatives from the limited partners of the applicable fund or investment vehicle whose capital commitments exceed a fixed monetary threshold. The advisory committees act by a majority of members and meet as required (in person or via teleconference). The advisory committees typically have authority to, amongst other matters, consider and approve:

- entry into any agreement or arrangement that involves an actual or potential conflict involving the GP, the investment manager and their respective affiliates;
- any amendment to the investment restrictions of the fund or investment vehicle, as applicable;
- any investment that does not comply with the investment restrictions of the fund or investment vehicle, as applicable;
- disposal of any project other than in accordance with the limited partnership agreement;
- any borrowings or incurrence of indebtedness on behalf of the fund or investment vehicle, as applicable, or its project companies, which would result in the agreed loan-to-value ratio not being met;
- any action to create any pledge, charge, lien, mortgage, or other security interest over any asset of the fund or investment vehicle, as applicable;
- any change in the dividend policy of the fund or investment vehicle, as applicable;
- any settlement of legal proceedings involving the fund or investment vehicle, as applicable, that exceeds a fixed monetary threshold; and
- any project budget or business plan or amendment thereof which results in a material change to any item of expense or revenue (i.e. exceeding 10 per cent.).

Aside from the specific matters identified in the limited partnership agreement, these advisory committees do not: (i) participate in the management of the business or assets of our funds or investment vehicles; (ii) have any authority or power to take any action on behalf of the funds or investment vehicles; or (iii) have any right to appoint a representative to the board of any project company. However, the GP will cast votes consistent with the advisory committee’s direction at the fund or investment vehicle level when voting on the board of any project company.

The project company also engages a separate ESR affiliate as the asset manager and project manager to provide "local" level services relating to assets in which the fund or investment vehicle, as applicable, has invested. The key responsibilities of the asset manager and project manager include:

- land and acquisition sourcing and providing due diligence for the investment manager for consideration;
- project financing, origination and structuring;
- asset management (e.g. leasing arrangements with third party tenants); and
- development management (e.g. procurement and appointing contractors).

Marketing of Funds

Our capital partner relationships are fundamental to our business. We aim to consistently act with professionalism and integrity toward our capital partners. We have developed a following among many globally significant institutional investors. For example, investment vehicles managed by the APG Group have invested with us in both China and South Korea. Also, CPP Investments first invested with us in our development fund in South Korea in 2015 and subsequently in 2020, and also invested with us in our core fund in South Korea in 2018. We believe investors follow us due to our investment record, our reputation for integrity and the transparency of our fee structures. We continue to develop deep relationships with our capital partners.

We rely on our management and private capital team to generate referrals from existing or former capital partners. We occasionally engage third-party placement agents for sales and marketing with respect to our funds and investment vehicles, but the majority of our capital is generated through internal channels with institutional investors. A principal source of new transactions has been repeat business from prior capital partners and their referral of new leads. We also have several capital partners who have further increased their initial capital commitments with existing funds and investment vehicles in "re-up" arrangements. To best match the most appropriate capital partners for each of the funds and investment vehicles we manage, we target institutional investors that have investment objectives in line with those of the particular fund or investment vehicle for which we seek new investors, which is determined on a case-by-case basis depending on several factors, including, but not limited to, (i) the risk profile, return profile and/or income profile of the fund or investment vehicle, (ii) the geographic focus, (iii) the types of assets targeted, (iv) the amount of investment discretion retained by our Company, and (v) the capital commitments required.

Fund Investment Process

We believe we have established a rigorous investment process and a comprehensive due diligence approach across the funds and investment vehicles we manage as well as comprehensive controls to manage conflicts of interest. Each fund has its own investment criteria, policies, objectives and procedures which generally specify investment requirements, limitations and approval processes, such as the type of real estate asset, sector and geographic focus, leverage limitations and investment strategies, which we believe serves to limit conflicts that could otherwise arise in identifying and allocating investment opportunities. For example, typical investment criteria for our funds and investment vehicles can include, but are not limited to: (i) limitations on investments to specific metropolitan areas, (ii) requirements to invest in modern logistics development projects in the case of a development fund or investment vehicle, or stabilised income-producing properties in the case of a core/core-plus fund or investment vehicle, (iii) minimum occupancy rates for the acquisition of existing

assets, (iv) minimum GFA, (v) limitations on investment size or concentration, and (vi) target returns, including income yield and IRR, which are typically higher for the development funds and investment vehicles we manage and lower for the core/core-plus funds and investment vehicles we manage. Target IRR for the development funds and investment vehicles we manage range from 13 per cent. to 17 per cent., while target IRR for the core/core-plus funds and investment vehicles we manage range from 9 per cent. to 13 per cent.

Our investment process for our funds and investment vehicles will also be subject to review by our internal audit department which reports to our Audit Committee directly. Our management team and internal audit department work together to monitor the effectiveness of processes and risk control measures. In addition to the terms of the organisational agreements of the funds and investment vehicles we manage, which set forth procedures to resolve conflicts of interest among the Company and the funds and investment vehicles we manage, we have also adopted a conflicts of interest policy that sets forth general principles that supplement the applicable organisational agreements.

The origination of our investments largely comes from opportunities identified by our extensive network comprising our local business teams in the PRC, Japan, South Korea, Singapore, Australia and India, as well as through our relationships with developers, tenants, capital partners, bankers, asset owners and real estate consultants.

Management of Investment Opportunities

For any investment opportunity that we identify, our regional CEO in the relevant country and the respective management team will allocate such investment opportunity based upon the fit with the investment criteria of our funds and investment vehicles. Once an opportunity is submitted to the relevant fund manager, it will be evaluated by the relevant investment committee and such committee will decide whether to accept or reject such opportunity. For any investment opportunities that do not fit the investment objectives and criteria for any of our funds or investment vehicles, or that are not accepted by the investor advisory committee of any of the funds or investment vehicles we manage, we will make the decision of whether to invest in such opportunity solely on our own balance sheet pursuant to our group strategy in each of the countries where we operate. The final decision is made by a committee designated by our Board of Directors including certain executive Directors and senior management members. In practice, we generally do not have overlapping fund mandates with similar strategies or investment criteria in order to minimise conflicts over deal allocation. Nevertheless, we take great care to ensure that investment opportunities are allocated fairly and equitably among the funds and investment vehicles we manage in accordance with our contractual and fiduciary obligations to them. Our conflicts of interest policy sets forth general investment allocation principles that supplement the organisational agreements of the funds and investment vehicles we manage, which cover issues arising from parallel vehicles, predecessor and successor funds, co-investments and strategic investors, and investments away from existing funds.

While our funds generally do not have overlapping mandates, prior to closing on an investment for which more than one fund or investment vehicle is eligible to participate, a committee designated by the Board of Directors will, in consultation with the investment managers, provide a memorandum to the investment managers that explains the rationale for the final investment allocation. The committee will also address the investment objectives of the funds or investment vehicles in question, the capital commitments available for investment by each fund or investment vehicle in question, any individual allocation rights granted to specific investors and the basis for the allocation recommended to the investment managers. After review, the investment managers will determine whether to apply the allocation suggested by the committee or if any adjustments should be made. Any such departures will be further determined by a committee designated by the Board of Directors.

Management of Conflicts of Interest

As we provide asset management and development services to all the funds and investment vehicles we manage and acquire and sell assets as part of our business model, conflicts of interest arise from time to time. In general, the organisational agreements for each of the funds and investment vehicles we manage contain pre-agreed procedures for managing or obtaining investor consent for conflicts of interests. In order to manage such conflicts, each of the funds and investment vehicles that we manage have either investment committees or investor advisory committees or both, made up of representatives appointed by us and by capital partners in such relevant funds and investment vehicles. Such investment committees or investor advisory committees have approval rights on certain pre-agreed reserved matters and conflicts of interest matters on the terms set out in the applicable organisational agreements. When there is a transaction or any other issue where our Company has any actual or potential conflict of interest, our representatives recuse themselves from the vote.

Our Board of Directors has adopted a conflicts of interest policy and has designated a sub-committee that helps to manage conflicts of interest within the Company. Pursuant to our conflicts of interest policy, when an investment manager determines there is a conflict of interest, such manager must: (i) comply with the relevant provisions of the applicable organisation agreements, together with all applicable laws and regulations; (ii) bring to the attention of the sub-committee of the matter identified giving rise to such conflict of interest; (iii) either avoid the transaction giving rise to such conflict of interest or refer such matter to the advisory board/committee or board of directors of the relevant fund or investment vehicle and obtain the necessary approval; and (iv) confirm with concurrent approval of the sub-committee that any such conflicts of interest have been resolved.

From time to time and in accordance with our overall business strategy, we may undertake a sale or transfer of certain assets from our own balance sheet to a fund or investment vehicle we manage, or from one fund or investment vehicle to another fund or investment vehicle, where we act as an adviser on both sides. In such a situation, in addition to the procedures described above and subject to the terms of all applicable organisational agreements, our conflicts of interest policy sets forth additional measures, including independent third-party valuations, limited partner consent and recusal of Company representatives, in order to manage any potential conflicts of interest that may arise in these transactions. In appropriate circumstances, the sub-committee may establish information barriers and additional conflict clearance procedures to ensure the proper management of conflicts of interest and that clients' interests are preserved at all times. The relevant fund or investment vehicles may also be represented by separate external legal counsel.

INVESTMENT

Our investment segment is divided into three main categories: (i) completed properties that we hold on our balance sheet, from which we derive total return, including rental income and appreciation in value, (ii) our co-investments in the funds and investment vehicles and the REITs we manage, from which we derive dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments, including our minority equity stakes in other companies.

We use our strong balance sheet to acquire and own assets that have attractive risk-reward profiles and capture opportunities which may not fit the current investment criteria of our funds, and which may be used to seed future funds that we may establish. We are able to develop properties without the need to source equity for every individual project and can warehouse properties on our balance sheet if needed. This provides attractive visibility to prospective capital partners and is an important advantage of our platform, which facilitates faster fundraising and enables us to realise development profits. Additionally, our investments in properties through our co-investments in the funds and investment vehicles we manage allow us to align our interests with those of our capital partners.

PROPERTY OPERATIONS

Classification of the Portfolio Assets

We classify the Portfolio Assets into the following categories based on their respective development stages:

- *Completed properties*, means both stabilised properties and pre-stabilised properties.

  - *Stabilised properties* are completed properties: (i) for which construction or acquisition had been completed for more than 12 months; or (ii) which have reached an occupancy rate of 93 per cent. or higher.

  - *Pre-stabilised properties*, are completed properties: (i) for which construction or acquisition has been completed for less than 12 months; or (ii) with an occupancy rate of less than 93 per cent.

- *Properties under construction* consist of three sub-categories of properties: (i) properties for which we have commenced development; (ii) a light manufacturing facility comprising several buildings for which we are currently evaluating the feasibility of conversion into a business park or research and development centre; and (iii) a light industrial and logistics facility which will be upgraded into a standard modern logistics facility.

- *GFA on land held for future development*, representing total estimated GFA upon completion based on the Company's construction plans of properties with respect to which we have either received the land-use rights certificates, or have entered into land grant contracts with regulatory authorities or private landowners, but have not yet commenced construction work.

In determining planned dates and estimated GFA information, we rely on certain assumptions, including that: (i) there will be no material change with respect to the general economic conditions in the PRC, Japan, South Korea, Singapore, Australia and India, the performance of the PRC, Japan, South Korea, Singapore, Australia and India property markets or demand for our properties, particularly in the regions where we plan to develop these properties; (ii) there will be no material change in the regulatory regime governing the real estate market in each of the markets which could adversely affect our ability to develop such properties; (iii) there will be no significant delay or obstacle in obtaining necessary licences and approvals to develop such properties, or any such licences and approvals obtained are not subject to any material changes or amendments; (iv) we will be able to finance the project development through a combination of our working capital, external borrowings and other debt and equity financing on a timely basis; (v) we will be able to obtain the land-use rights with respect to the land identified for our land held for future development as expected without any significant delay or difficulty; (vi) we will be able to carry out the development plan as set out in the master investment agreement without any material delay or significant changes or amendments to the development plan with respect to land held for future development for which we have not entered into land grant contracts with regulatory authorities or private landowners; (vii) services provided by third party contractors, including our construction contractors, will meet our quality standards and requirements; (viii) there will be no material increase in the costs and expenses relating to the construction and development of the properties, including costs of construction materials and labour; and (ix) we will not be involved in any material legal or other proceedings that could significantly affect our project development process.

Based on the above assumptions, estimated GFA information in this Offering Circular is derived on the following bases:

- Total GFA information:

  - if the construction of a property is completed and a completion inspection filing has been made, the total GFA information in respect of such completed property refers to the total GFA information set forth in its completion certificate;

  - if the completion inspection filing has not been made, the total GFA information with respect of such project is estimated based on: (i) the total GFA information set forth in the construction work commencement permit; (ii) the total GFA information set forth in the construction work planning permit if the construction work commencement permit is not yet available; (iii) our current development plans if neither of the above documents is otherwise available; or (iv) the total GFA information if any is indicated in the master investment agreement we entered into with regulatory authorities or private landowners; and

  - with respect to GFA on land held for future development for the total GFA information is based on the expected buildable GFA of the properties to be developed on such land.

Property Operations

As of 30 June 2020, our property management team, along with third party property managers that we hired in connection with our Japan operations, provided services to tenants in the 315 properties comprising the Portfolio Assets.

We assign certain of our logistics properties to one of our property operations managers who supervises the services performed by professional third-party property management vendors that we engage for property maintenance work on our logistics properties, including regular cleaning, repairing and security. Our property operations manager is also in charge of managing facilities and leases, collecting and responding to feedback from our tenants, and conducting operations, procurement and contracts management, as well as monitoring energy efficiency initiatives and budgeting.

Our internal policy requires us to attempt to resolve all inquiries from our tenants promptly upon receipt. The relevant property operation manager is required to record details of any inquiry from our tenants, to provide an estimated processing time to the tenants, and to timely report the inquiry to relevant responsible departments. Our property operations manager is required to commence investigation into the inquiry immediately and propose a solution within one business day. If the issue is material, our facility management staff will visit the facility to communicate with the relevant tenants directly. If the inquiry is within the scope of our lease or if we are responsible for the rectification, our facility management staff are also responsible for monitoring the entire response process and following up with such tenants to ensure the inquiry is fully addressed.

LEASING AND MARKETING

We engage in leasing and marketing activities for properties on our balance sheet and held by the funds and investment vehicles we manage. We commence our leasing and marketing efforts once the construction work begins. It typically takes us up to three months in the PRC, three to six months in South Korea and up to 12 months in Japan to substantially lease-up a new logistics property after its completion of construction. We also often execute lease agreements with tenants for customised facilities prior to their completion. We engage in various marketing initiatives in order to attract new

tenants and expand our market recognition. We supplement the efforts and relations of our in-house business development and leasing teams with reputable external professional brokers to source land, properties and tenants in each country where we operate. We pay a portion of the leasing fees we earn from our fund management activities to third-party leasing agents that procure leases for certain of the properties held in the funds and investment vehicles we manage. We develop and strengthen relationships with large national and international firms with significant logistics operations to present our logistics facilities, and undertake dedicated media campaigns to enhance and promote our logistics facilities. Furthermore, we collaborate with other professional institutions, such as property brokerage firms, to prepare marketing studies and develop our marketing and property leasing plans.

We also engage in traditional "banner" advertising targeted at existing and prospective tenants, and market our logistics facilities through marketing brochures, social media and our website. We endeavour to increase our brand exposure through event-specific media coverage and media briefings, such as signing ceremonies related to the establishment of strategic relationships. On occasion, we join with brokers to organise "open house" events at some of our logistics facilities.

As part of our marketing and leasing strategy, we also periodically sponsor and participate in events in local regions in the PRC, Japan, South Korea, Singapore, Australia and India where we develop and operate our logistics properties, such as trade seminars and exhibitions, in order to enhance our brand name and promote our logistics facilities. By raising our profile among various industry participants at these events, such as domestic and international trade and industry associations, chambers of commerce, manufacturers and trading companies, we believe that we can enhance our brand recognition, display the strengths and advantages of our logistics properties and attract additional domestic and international tenants.

We determine the rent for our logistics facilities based a number of factors, including our target investment return rate for the project, the location of the project, demand for the project, tenant relationships, the GFA covered by the lease, duration of the lease and the prevailing market rate for comparable logistics facilities. We also employ lease incentives in order to attract potential tenants, particularly in Japan.

CUSTOMERS

Tenants

The Portfolio Assets are leased to a broad range of large and mid-sized, multinational and domestic tenants that require logistics and distribution facilities, including e-commerce companies, 3PL providers, bricks-and-mortar retailers, manufacturers, cold-chain logistics providers and others. 3PL providers serve end-users in a large variety of industries, including e-commerce, electronics, fast-moving consumer goods, retail and fast food chains, general logistics services, auto and parts, pharmaceuticals, and medical instruments and machinery. Our leases are generally up for renewal every three to five years and the rents charged upon renewals of these leases are typically adjusted based upon then prevailing market rates. Our lease agreements give standard termination rights to the tenant or landlord, as applicable, under certain situations, including, but not limited to: (i) damage to the property caused by a force majeure event that renders the premises unusable, (ii) events of default by the tenant, including, but not limited to, failure to take the premises, failure to pay rent and unauthorised sub-lease, (iii) circumstances that affect the legal capacity of the tenant, and (iv) material events of default by the landlord, including, but not limited to, failure to deliver the premises or failure to maintain the premises in good condition. Our lease agreements typically require quarterly or monthly fixed rate rent payments, and some of our agreements also require rent prepayments prior to completion of the property. We seek to be a regional partner for our tenants, with a goal to be the

single point of contact to design and build a multi-market distribution network for tenants throughout the PRC, Japan, South Korea, Singapore, Australia and India.

FUNDS AND INVESTMENT VEHICLES

We manage 35 private funds and three listed REITs and generate revenue from the management of those funds and investment vehicles.

SUPPLIERS

Our suppliers primarily consist of construction companies, property management companies, interior designers and commercial real estate brokers. We typically pay our construction contractors according to a schedule as set forth in the relevant construction agreements, some of which require monthly or bi-monthly payments until completion of the project, and others which call for a lump sum payment upon completion of the project. As we select contractors on a project basis, we do not rely on any single contractor despite the relatively high contribution of our largest or five largest contractors/ suppliers to our cost incurred in a given period

SOURCES OF FUNDS AND CERTAIN KEY CONTRACTS

We maintain a diversified and balanced source of funding from reputable banks and institutional investors. Our long term funding strategy is to diversify both our sources of financing as well as the instruments through which we can borrow funds. Accessing different sources of funds enables us to meet our asset liability management needs. Furthermore, having multiple sources and instruments of funds reduces our dependability on, while at same time providing us with the ability to take benefit of, various sources which can reduce our interest costs.

The Hana Notes

In November 2016, we entered into a notes subscription agreement (the "**Subscription Agreement**") with certain subscribers (together, the "**Note Purchasers**") for the issuance of US$300 million in aggregate principal amount of fixed rate senior notes (the "**Hana Notes**") at 6.3 per cent. per annum. The Hana Notes were interest bearing, issued in registered form and had a scheduled maturity date of three years from the issue date, unless extended by us in accordance with the Subscription Agreement. The Hana Notes contained certain covenants, including (but not limited to) us not being able to, and ensuring that no member of our Group would be able to, incur any additional financial indebtedness, save for certain exceptions as set out in the Subscription Agreement. In addition, the Hana Notes had the benefit of, *inter alia*, security (or equivalent undertakings) granted by all of the then ordinary shareholders of our Company over all of their respective shares in our Company, as well as security granted by us over the shares owned by us directly in certain members of our Group. The Hana Notes were redeemed in full on 6 November 2019 using part of the proceeds from the Global Offering.

The C Preference Shares

In December 2016, we issued 245,359,810 Class C redeemable, convertible, preferred shares with a par value of US$0.001 in the capital of our Company (the "**C Preference Shares**") to a group of independent third parties for an aggregate consideration of US$300 million. Holders were entitled to convert the C Preference Shares into our Company's ordinary shares based on a conversion ratio of 1:1 under certain circumstances, and which shall be subject to adjustments from time to time as set out under the articles of association of our Company. On 6 November 2019, we redeemed in full the C Preference Shares that were not converted using part of the proceeds from the Global Offering.

The Series 1 Perpetual Securities

In June 2017, we issued US$100 million 8.25 per cent. Fixed Rate Perpetual Resettable Step-Up Subordinated Securities (the "**Perpetual Securities**"). The Perpetual Securities were issued in registered form with a distribution rate of 8.25 per cent. per annum payable semi-annually in arrear. On 8 May 2020, we announced our plan to exercise our call option to redeem all of the outstanding Perpetual Securities issued under our US$2.0 billion Multicurrency Debt Issuance Programme ("**the Programme**") on 7 June 2020, at an amount equal to 100 per cent. of the principal amount, together with any distribution accrued to (but excluding) 7 June 2020. On 8 June 2020, we announced that we had redeemed all of the outstanding Perpetual Securities for a total sum of US$104.1 million (together with any distribution accrued). Following redemption, the Perpetual Securities have been cancelled.

The Series 2 Fixed Rate Notes

In February 2019, we issued S$150 million (approximately US$107.6 million) of 6.75 per cent. fixed rate notes due February 2022 (the "**6.75 per cent. Notes**") under the Programme. We subsequently issued three further tranches within the same series, two in March 2019 and one in May 2019, amounting to an aggregate of S$200 million (approximately US$143.5 million). The aggregate total amount of 6.75 per cent. Notes issued to date is S$350 million (approximately US$251.1 million). Proceeds from the 6.75 per cent. Notes will be used to refinance certain existing borrowings and to finance potential acquisition and investment opportunities we may pursue in the future, as well as to satisfy our working capital requirements and for general corporate purposes.

The Series 3 Fixed Rate Notes

In April 2019, we issued US$250 million of 7.875 per cent. fixed rate notes due April 2022 (the "**7.875 per cent. Notes**") under the Programme. Proceeds from the 7.875 per cent. Notes will be used to refinance certain existing borrowings and to finance potential acquisition and investment opportunities we may pursue in the future, as well as to satisfy our working capital requirements and for general corporate purposes. In July 2019, we subsequently issued a further tranche within the same series amounting to an aggregate of US$175 million. The aggregate total amount of 7.875 per cent. Notes issued to date is US$425 million.

The Series 4 Fixed Rate Notes

In February 2020, we issued S$225 million (approximately US$161.4 million) of 5.10 per cent. fixed rate notes due February 2025 (the "**5.10 per cent. Notes**") under the Programme. Proceeds from the 5.10 per cent. Notes will be used to refinance certain existing borrowings and to finance potential acquisition and investment opportunities we may pursue in the future, as well as to satisfy our working capital requirements and for general corporate purposes.

The 1.50 per cent. Convertible Bonds due 2025

On 30 September 2020, we issued US$350 million of 1.50 per cent. Convertible Bonds due 2025 (the "**Convertible Bonds**"), convertible into fully paid ordinary shares with a par value of US$0.001 each in the issued and paid up capital of the Company pursuant to the terms and conditions of the Convertible Bonds. Based on the initial conversion price of HK$32.13 per share (subject to adjustment) and assuming full conversion of the Convertible Bonds, the Convertible Bonds will be converted into 84,427,015 shares, representing approximately 2.77 per cent. of the issued share capital of the Company as at 10 September 2020 and approximately 2.69 per cent. of the issued share capital of the Company as enlarged by the issue of such shares (assuming that there is no other change to the issued share capital of the Company).

Loan Facilities

Our business requires substantial capital investment to fund our growth strategy. We have, in the past, financed our business and operations through internal cash flows, private equity type fundraising, public bond offerings and loans (including term loan and revolving loan facilities) from commercial banks or other financial institutions. We may, in the future, require additional financing to support our growth strategy and fund our working capital requirements, capital expenditures for our balance sheet assets and investment in the co-investment vehicles, to refinance our existing debt obligations, to fund further asset acquisitions, enhancements and improvements of assets owned by us and/or for our general corporate purposes. We are constantly assessing our funding options in both the debt and equity capital markets, after taking into consideration various factors, such as the general economic and capital markets conditions, interest rates, credit availability from banks or other lenders. In particular, we have been exploring, and will continue to explore, the feasibility of obtaining additional equity financing through new investments from other institutional and/or public investors by way of an initial public offering of our shares. However, there can be no assurance of the timing and manner of such investments or offering.

We review our debt maturity profile on an on-going basis and proactively work with reputable banks to refinance existing borrowings.

We have maintained a consistent track record of low gearing ratios. Our net gearing[2] was 19.8 per cent. (excluding redeemable convertible preference shares) as of 31 December 2018, 26.6 per cent. as of 31 December 2019 and 28.6 per cent. as of 30 June 2020.

DESCRIPTION OF PRINCIPAL SUBSIDIARIES

The principal business activities of the principal subsidiaries of our Group that made a material contribution to our results of operations during the period comprising the financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 include entities acting as (a) an investment holding company or trust, (b) a project company, (c) a management company, or (d) an asset holding company.

COMPETITION

We face competition from other large international and domestic developers, owners and operators of other logistics facilities and fund managers and, within any specific individual market, also from smaller and local players. We compete with other providers for locations and sites for future logistics facilities as well as tenants.

We believe that, in choosing a provider of logistics facilities, our tenants focus primarily on the size of a provider's network, background and reputation of the provider, the locations and construction quality of its properties, and the property services provided. We believe that the size of our network and our focus on customer service, and on assisting our tenants in establishing and maintaining their logistics networks, allows us to compete favourably with our competitors.

Our fund management business faces competition from other private funds, specialist investment funds, hedge fund sponsors, financial institutions, corporate buyers and other parties for capital partners and investment opportunities. We mainly compete with these competitors in acquiring investments for the funds and investment vehicles we manage and in the pursuit of capital partners to

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[2] Net gearing ratio is calculated by dividing net debt, defined as total bank loans and other borrowings less cash and bank balances, by total assets at the end of each year or period.

invest. In particular, our private fund management business faces competition in the pursuit of capital partners as well as in seeking profitable investment opportunities. Our REIT management business faces competition primarily in acquiring additional properties for ESR-REIT, Sabana REIT and for new REITs that we may manage or invest in in the future. In raising capital for the funds and investment vehicles we manage, we compete with our competitors primarily on the basis of the following factors: investment performance, investor perception of our drive, focus and alignment of interest; quality of service provided to and relationship with capital partners; access to capital; level of fees and expenses charged for services; brand recognition; transaction execution skills; range of products and services and innovation. For acquisitions and investment opportunities, we compete with our competitors primarily on price, access to market information about suitable investment opportunities and payment terms, among other factors.

RISK MANAGEMENT AND INTERNAL CONTROL

We recognise that risk management is critical to our business. Our key operational risks include changes in general market conditions and the regulatory environment of the PRC, Japan, South Korea, Singapore, Australia and India property markets, availability of suitable sites for logistics properties at commercially reasonable prices, the local economic environment and the urbanisation process, expansion risks relating to entering into new geographic regions and business areas, our ability to complete our construction properties to the required quality standards and within our target timelines, the availability of financing to support our growth, competition from other logistics facilities providers and our ability to promote and lease out our logistics facilities. In addition, we face market risks such as interest rate risk, foreign currency risk, credit risk and liquidity risk that arise in the normal course of our business.

We have implemented the following structures and measures to control and manage our risks.

- Our Board of Directors is responsible and has general powers over the management and conduct of our business, and is in charge of our overall risk control. Any significant business decisions involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analysed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.

- We have implemented control measures to manage operational risks. We control major construction risks by engaging qualified construction contractors with strict contractual requirements while maintaining daily quality control supervision. We also engage reputable financial, accounting and legal professionals to assist us in conducting significant corporate transactions, such as material investments for capital expenditure, incurrence of indebtedness or other financing activities. We have engaged an independent internal control consultant to review our internal control measures and make recommendations.

- We enforce strict control and accountability policies and manuals at an individual employee level and conduct ongoing on-site training. We also closely monitor the quality and safety measures adopted on our construction sites with the construction contractors to lower the risks of damage to our property and liabilities that may be attributable to us. Our insurance coverage is in line with the customary practice in the PRC, Japan, South Korea, Singapore, Australia and India real estate industries.

- Our policies and manuals are updated regularly based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

INSURANCE

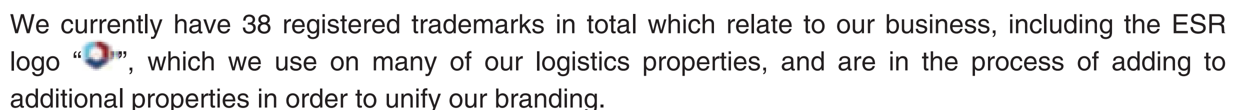
We maintain insurance policies covering both our assets and employees, with policy specifications and insured limits that are commercially reasonable and appropriate for a Company of our size, for our assets and for activities in the logistics business. We believe this is in line with industry practice in the logistics industries where we operate. Our insurance policies are arranged with reputable insurers and cover risks such as fire, flood, lightning, explosion, strike, riot, civil disorder, accidental or malicious damage, natural disasters, theft, and business interruption. We also insure for potential public liability claims made by third parties in respect of bodily injury and third-party property damage arising out of properties and other assets owned by us. We further maintain liability insurance policies for our Directors and officers as well as professional indemnity insurance for our businesses. See the section headed "*Risk Factors — We may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake, typhoon or other casualty event in the countries where we operate, which may not be covered by insurance*".

TITLES, LICENCES, PERMITS AND APPROVALS

The material licences and permits that we obtained for our business operations include, among others, licences pertaining to real estate development, brokerage and management; investment management and advisory; capital markets services; financial licences; building works and construction.

As of the date of this Offering Circular, we had obtained all material requisite licences, permits and approvals from the relevant government authorities that are material for our business operations in the PRC and in the other markets where we operate.

INTELLECTUAL PROPERTY RIGHTS

We currently have 38 registered trademarks in total which relate to our business, including the ESR logo "", which we use on many of our logistics properties, and are in the process of adding to additional properties in order to unify our branding.

As of the date of this Offering Circular, we are not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

INFORMATION TECHNOLOGY

We rely on our information technology to support our business operations. We utilise enterprise software platforms including SAP to aggregate and analyse data regarding our buildings, our financials, and our clients. We also assess the need to implement and supplement human resources and management systems as the business grows. We believe that our information technology platform improves our operational efficiency and provides high quality internal governance controls. We continue to assess the adequacy of our computer systems and implement improvements to our platform.

EMPLOYEES

We had 634 employees as at 30 June 2020. We provide competitive remuneration package to our employees and encourage training programmes to improve their knowledge and skills, and promote cross-market and cross-cultural cooperation to nurture their sense of belonging to us.

The remuneration packages are determined with reference to the experience, level of responsibilities, time commitment and contributions of each individual, our performance and the prevailing market conditions. Any discretionary bonus and other merit payments depend on the profit performance of our Group and individual performance of Directors, senior management and other employees. The remuneration levels are sufficient to attract and retain directors to run the Company successfully without paying more than necessary. We review our remuneration policy on a regular basis. We also have share option schemes in place to act as incentive to recognise the contributions made by the employees, executives, officers and directors of our Group, to retain them for the continuing operation and development of our Group and to attract suitable personnel for further development of our Group.

DESCRIPTION OF RELATED PARTY TRANSACTIONS

Our Group has ongoing contractual arrangements with entities related to us. These transactions are detailed in our Group's financial statements as published from time to time.

ENVIRONMENTAL AND SAFETY MATTERS

Our operations are subject to regulatory requirements and potential liabilities arising under applicable environmental, health or safety-related laws and regulations in each of the countries in which we operate. We pursue a sustainable approach to the environment, as well as proper consideration of our social and economic responsibilities to the wider community. Optimising the sustainability potential in new developments through green design initiatives positions a property well to minimise its environmental impact and provides long-term benefits for tenants and value to our capital partners. We believe we have established appropriate risk management procedures, training and induction programmes (for employees and third-party contractors) at all of our assets.

Environmental regulations, among other things, impose liability on present and former property owners and operators for costs and damages related to soil and water contaminations from hazardous or toxic substances. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substances. We are particularly mindful of the potential liabilities associated with these regulations. Additionally, the presence of hazardous or toxic substances on our properties may adversely affect our ability to sell such properties or to borrow using such properties as collateral, and may cause us to incur penalties and clean-up costs. All of our development properties are constructed in accordance with the relevant local environmental regulations.

With respect to our development projects save for some projects in Australia, we do not directly undertake the construction work for our properties, and the responsibility for ensuring the health and safety of construction workers on our properties typically rests with the contractors we engage. Our business activities in Australia are subject to the applicable environmental, health or safety-related laws and regulations. In our capacity as owner of our directly held properties, we have obligations under the various occupational health and safety regulations in the PRC, Japan, Australia and India.

We believe that we are in compliance in all material respects with applicable environmental, health and safety regulations in the PRC, Japan, South Korea, Singapore, Australia and India. As of the date of this Offering Circular, none of us or any of our subsidiaries was involved in any material environmental, health or safety-related incident. As of the date of this Offering Circular, we are currently not aware of any material environmental, health or safety-related proceedings or investigations to which we might become a party.

COMPLIANCE AND LEGAL PROCEEDINGS

As of the date of this Offering Circular, (i) we did not commit any material non-compliance of the laws or regulations applicable to the Group, and we did not experience any systemic non-compliance incidents, which taken as a whole, in our opinion, were likely to have a material and adverse effect on our business, financial condition, results of operations or prospects; and (ii) none of us or any of our subsidiaries was a party to, or was aware of any threat of, any legal, arbitral or administrative proceeding, which, in our opinion, was likely to have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

DIRECTORS AND MANAGEMENT

The section headed "*Directors and Management*" of the Offering Circular shall be deleted in its entirety and replaced with the following:

DIRECTORS AND MANAGEMENT

Board of Directors

The Board of Directors of the Company is entrusted with the responsibility for the overall management and direction of the Group.

The Board of Directors of the Company comprises:

Name	Position
Jeffrey David Perlman	Chairman, Non-Executive Director
Jinchu Shen	Co-Founder, Co-CEO, Executive Director
Stuart Gibson	Co-Founder, Co-CEO, Executive Director
Charles Alexander Portes	Co-Founder, Non-Executive Director
Wei Hu	Non-Executive Director
Brett Harold Krause	Independent Non-Executive Director
The Right Honourable Sir Hugo George William Swire, KCMG	Independent Non-Executive Director
Simon James McDonald	Independent Non-Executive Director
Jingsheng Liu	Independent Non-Executive Director
Robin Tom Holdsworth	Independent Non-Executive Director

Jeffrey David Perlman

Mr. Jeffrey David Perlman was appointed as a Director on 14 June 2011 and was re-designated as a non-executive Director on 22 February 2019. He was appointed as our chairman on 20 May 2019. Mr. Perlman joined Warburg Pincus LLC ("Warburg Pincus") in 2006, and has been serving as Managing Director and Head of Southeast Asia since May 2016, leading Warburg Pincus' investments in Southeast Asia in addition to focusing on real estate investments across the greater Asia-Pacific region. Mr. Perlman is also a member of Warburg Pincus' Executive Management Group. Prior to joining Warburg Pincus, he worked in the Real Estate Investment Banking Group at Credit Suisse from July 2005 to August 2006. Mr. Perlman is a director and member of the executive committee and the nomination and remuneration committee of ESR Funds Management (S) Limited ("ESR-REIT Manager"), the manager of ESR-REIT, a real estate investment trust listed on the Singapore Exchange Securities Trading Limited (Stock Code: J91U), since January 2017. Mr. Perlman was also a director of Vincom Retail Joint Stock Company, a company listed on the Ho Chi Minh City Stock Exchange in Vietnam (Stock Code: VRE), from July 2013 to September 2017, and was re-appointed and served as a director during the period from February 2018 to July 2019. Mr. Perlman graduated from University of Michigan in the United States in April 2005, where he obtained a bachelor's degree in business administration from its Ross School of Business.

Jinchu Shen

Mr. Jinchu Shen, also known as Jeffrey, is a co-founder of e-Shang Cayman Limited ("e-Shang") and has been the co-CEO of our Group since June 2011. He was appointed as a director of e-Shang on 30 June 2011 and following the 2016 Merger, was appointed as a Director and is responsible for

overseeing our Company's overall operations and business development, leading regional growth strategies, and expanding our Company's asset and fund management platforms. Mr. Shen was re-designated as an Executive Director on 22 February 2019. Mr. Shen has over 20 years of industrial real estate experience in China. Prior to co-founding our Group in June 2011, Mr. Shen held a variety of roles, including Senior Vice President, at GLP Investment Management (China) Co., Ltd. (全球物流資產公司 (中國)) (formerly known as Prologis China) from January 2004 to September 2010, overseeing the Eastern China area. Mr. Shen was the deputy director in DTZ Debenham Tie Leung International Property Advisers from June 2001 to December 2003 and prior to this, he was the assistant general manager of marketing at Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd from July 1995 to November 2000. Mr. Shen was also a director of ESR-REIT Manager, the fund manager of ESR-REIT, from January 2017 to January 2019. Mr. Shen graduated from the Shanghai Jiaotong University in China in July 1995, where he obtained a bachelor's degree in technical economics. In July 2001, he obtained a master's degree in business administration from Donghua University in China.

Stuart Gibson

Mr. Stuart Gibson is a co-founder of our Group, and was the co-founder and CEO of the Redwood group from July 2006 until the 2016 Merger, and he has been the co-CEO of our Group since January 2016. He was appointed as a Director on 20 January 2016 and is responsible for overseeing the Company's overall operations and business development. Mr. Gibson was re-designated as an executive Director on 22 February 2019. Mr. Gibson has over 24 years of real estate development and investment experience in Asia, which includes 15 years spent in the Japanese industrial real estate sector. Mr. Gibson joined Prologis B.V. (formerly known as LogiStar B.V.) in 1998 as the development associate, and was subsequently seconded from Prologis B.V. to Prologis Japan as a vice president from 2000 and was later promoted to the country head of Prologis Japan. He is the former co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis. He was also the Chairman of AMB Property Corporation Japan Advisory Committee from July 2006 to December 2007.

Charles Alexander Portes

Mr. Charles Alexander Portes, also known as Charles de Portes, is a co-founder of the Group and was the co-founder and President of the Redwood group from July 2006 until the merger between e-Shang Cayman Limited, ESR Singapore Pte. Ltd. (formerly known as Redwood Group Asia Pte. Ltd.) and Redwood Asian Investments Ltd. pursuant to a merger agreement in January 2016, and he has been the President of the Group since January 2016 until end of 2020. He was re-designated as a Non-Executive Director with effect from January 2021. He was appointed as a director of the Company on 20 January 2016 and is currently responsible for overseeing the Company's overall private equity capital raising and operations and business development. Mr. Portes has over 24 years of real estate investment experience, including 20 years in the industrial sector in Asia. Mr. Portes was the co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis and was a Member of the AMB Property Japan Advisory Committee from June 2006 to August 2008. Mr. Portes was the Head of Acquisitions and Capital for Europe and Asia for Prologis from 1998 to 2003 and he worked in real estate, principally in investments, at Goldman Sachs Investment Holdings (Asia) Limited from 1996 to 1998. Mr. Portes graduated from The John Hopkins University in the United States in May 1991, where he obtained a bachelor's degree in International Political Economy. In July 1996, he further obtained a master's degree in business administration from INSEAD, France.

Wei Hu

Mr. Wei Hu was appointed as a non-executive Director on 2 February 2021. Mr. Hu has over 10 years of experience in the warehousing and logistics industries. He also has management experience across different industries and sizable businesses. He joined JD.com, Inc. (together with its subsidiaries, "**JD Group**") in 2010 and has held several positions in JD Group, including as the Human Resources Director (Southwest Region), the General Manager (Southwest Region) and the General Manager (North China) of JD Logistics. He has served as the Vice President of JD Group and CEO of JD Property since 2019. Mr. Hu graduated from Sichuan Agricultural University with a Bachelor's degree in Land Resource Management.

Brett Harold Krause

Mr. Brett Harold Krause is an independent non-executive Director and also the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He was appointed as an independent non-executive Director on 20 May 2019. Mr. Krause has extensive experience in the banking industry in Asia and in corporate management. In March 2018, Mr. Krause became the Chief Strategy Officer at FunPlus. FunPlus engages in digital interactive entertainment with offices in San Francisco, Stockholm, Moscow, Shanghai and Beijing. Prior to FunPlus, Mr. Krause was the Managing Partner at PurpleSky Capital LLC, a China-based angel venture capital firm specialising in funding start-ups in high-tech sectors, from July 2016 to February 2018. Mr. Krause was the President of JPMorgan Chase Bank (China) Co. Ltd. from January 2014 to July 2016 and prior to this, he held various senior roles in Citigroup, including CitiService Head of Citibank NA, Taipei in Taiwan from January 1999 to May 2000, e-Business Head of Citibank NA, Tokyo, in Japan, from May 2000 to January 2002, Director and Cash Management Head of Citigroup Global Transaction Services of Citibank NA, Shanghai in Shanghai, China, from January 2002 to January 2005, Managing Director and Head of Global Transaction Services of Citibank China Co., Ltd. in Shanghai, China, from February 2005 to June 2008, and Citi Country Officer, Vietnam of Citibank NA in Vietnam from July 2008 to December 2013. Mr. Krause has also been an independent board director for both East West Bank (China) Limited since November 2017 and Vincom Retail Joint Stock Company, a company listed on the Ho Chi Minh City Stock Exchange in Vietnam (Stock Code: VRE), since September 2017. Mr. Krause graduated from Georgetown University in the United States in May 1991, where he obtained a Bachelor of Science degree in foreign service. In May 1996, he further obtained a master's degree in business administration from Columbia Business School of Columbia University in the United States.

The Right Honourable Sir Hugo George William Swire, KCMG

Sir Hugo George William Swire KCMG, is an independent non-executive Director and also the chairman of the Nomination Committee. He was appointed as an independent non-executive Director on 20 May 2019. Since 2016, Sir Hugo has been the Deputy Chairman of Commonwealth Enterprise and Investment Council. From 2001 to 2019, he was the Member of Parliament for East Devon. He has held several ministerial roles in the United Kingdom, including Minister of State for Northern Ireland between 2010 and 2012, as well as Minister of State for the Foreign and Commonwealth Office between 2012 and 2016. Sir Hugo was sworn to the Privy Council of the United Kingdom in 2011, and was awarded a knighthood in the United Kingdom in August 2016. Since March 2018, Sir Hugo has been the non-executive chairman of the British Honey Company Plc which was listed on the Aquis Stock Exchange in London. The company makes a range of alcohol spirits under the Keepr's label and associated honey products. Sir Hugo is also the chairman of Imprimatur Capital. Prior to this, he also served as an independent non-executive director on the board of Photo-Me International plc, a company listed on the London Stock Exchange in the United Kingdom (Stock Code: PHTM) that

operates, sells and services a range of instant service equipment, from 2005 to 2010 as an independent non-executive director, including as the non-executive chairman from 2008 to 2010. Sir Hugo was a non-executive director of Symphony Environmental Technologies Plc, a company whose shares are listed on the London Stock Exchange (Stock Code: SYM) from October 2008 to May 2010. He worked as a deputy director at Sotheby's in London from 1992 to 1996 and as a director from 1996 to 2003, prior to which he was the Head of the National Gallery Trust Office in London from 1988 to 1992. Sir Hugo attended University of St. Andrews in Scotland, the United Kingdom, where he was studying towards a master's degree in fine arts and medieval history from 1978 to 1979, and attended Royal Military Academy at Sandhurst in the United Kingdom. From 1980 to 1983, Sir Hugo was commissioned as an officer in the 1st Battalion Grenadier Guards.

Simon James McDonald

Mr. Simon James McDonald is an independent non-executive Director and also the chairman of the Audit Committee and a member of the Remuneration Committee. He was appointed as an independent non-executive Director on 20 May 2019. Mr. McDonald has extensive experience in real estate and management in Asia Pacific and was the head of asset management at Asia Pacific Land from February 2015 to May 2019, and was responsible for the day-to-day oversight of Asia Pacific Land's asset management activities. Prior to this, Mr. McDonald held various roles at GE Capital Real Estate, in Sydney in Australia and Tokyo in Japan, from August 1997 to September 2013, including Managing Director Asia Pacific (Portfolio Strategy), Managing Director Asia Pacific (Asset Management), Managing Director Asia Pacific (Risk Management), Joint Managing Director for Australia and New Zealand, and Director (Risk Management). Mr. McDonald graduated from The Australian National University in Australia in May 1987, where he obtained a bachelor's degree in economics. In May 1991, he further obtained a master of business from the University of Technology in Sydney, Australia. Mr. McDonald is a member of CPA Australia since April 1987, and subsequently became a fellow member since May 2014. He has also been a fellow of the Financial Services Institute of Australia since June 2005. In addition, Mr. McDonald is a member and a Graduate of the Australian Institute of Company Directors since August 2013 and May 2014, respectively.

Jingsheng Liu

Ms. Jingsheng Liu is an independent non-executive Director and also a member of the Nomination Committee. She was appointed as an independent non-executive Director on 20 May 2019. Ms. Liu has extensive experience in the capital markets in China. She joined China International Capital Corporation Limited ("CICC") in 1996 and is currently the advisory director at CICC. Prior to this, she held various roles within the CICC group, including the chairwoman of Investment Banking Business Committee of CICC, chairwoman and CEO of China International Capital Corporation (Singapore) Pte. Limited, and the Head of the Strategic Research Department of CICC. Prior to joining CICC, Ms. Liu worked at the Department of State Planning and Regional Economy of State Planning Commission (國土規劃和地區經濟司) (currently known as the National Development and Reform Commission) (國家發展和改革委員會) in China. Ms. Liu graduated from Renmin University of China, in Beijing, China in October 1983, where she obtained a bachelor's degree in economics. In November 1992, she further obtained a master's degree in rural development management from Khon Kaen University in Thailand.

Robin Tom Holdsworth

Mr. Robin Tom Holdsworth is an independent non-executive Director and also a member of the Audit Committee. He was appointed as an independent non-executive Director on 14 October 2019. Mr. Holdsworth has over 20 years of experience in private equity fund management and property consultancy. He is currently the Founder and Managing Director of RTH Advisors Limited. From

August 2006 to December 2017, Mr. Holdsworth was the Senior Partner and Co-Founding Partner at LimeTree Capital Advisors Ltd. Prior to this, he held various roles at Jones Lang LaSalle, including (a) its President Director and Country Head in Indonesia from July 2001 to June 2006; (b) its Head of Corporate services in Indonesia from October 1999 to June 2001; and (c) the Associate Director and subsequently its Country Head in Ho Chi Minh City, Vietnam from July 1997 to September 1999. From July 1995 to June 1997, Mr. Holdsworth served as the Hanoi Representative and subsequently the Country Head of Brooke Hillier Parker in Hanoi, Vietnam. Mr. Holdsworth graduated from the University of Exeter in the United Kingdom in July 1991, where he obtained a bachelor's degree in economic and social history.

Group Senior Management

Name	Position
Jinchu Shen	Co-Founder, Co-CEO
Stuart Gibson	Co-Founder, Co-CEO
Charles Alexander Portes	Co-Founder, Non-Executive Director
Wee Peng Cho	Group Chief Financial Officer

Jinchu Shen

Details for Jinchu Shen are set out under "*Directors and Management — Board of Directors*".

Stuart Gibson

Details for Stuart Gibson are set out under "*Directors and Management — Board of Directors*".

Charles Alexander Portes

Details for Charles Alexander Portes are set out under "*Directors and Management — Board of Directors*".

Wee Peng Cho

Wee Peng Cho has been the Group Chief Financial Officer of the Company since December 2016, and is responsible for all aspects of the Group's financial management. He has over 25 years of experience in finance with international and regional companies in Asia. He was the CFO of SATS Ltd. which is listed on the Singapore Exchange. He previously held various treasury roles with Dow Chemical in the United States and Asia Pacific. A Chartered Financial Analyst, Mr. Cho graduated from the Nanyang Technological University in Singapore with a bachelor's degree in accountancy. He further obtained a master's degree in applied finance from the National University of Singapore.

Other Management Team

Name	Position
Abhijit Malkani	Country Head, India Platform
Adrian Chui	CEO & Executive Director, ESR-REIT
Bo Zhou	COO, China Platform
Hideaki Matsunami	Managing Director, Japan Platform
Jai Mirpuri	Country Head, India Platform
Jihun Kang	CIO, South Korea Platform
Josh Daitch	Group Head of Fund Management & Capital
Lilian Lee	Group Chief Corporate Officer
Philip Pearce	CEO, Australia Platform
Thomas Nam	CEO, South Korea Platform
Wenyi Shou	Group General Counsel

Abhijit Malkani

Abhijit Malkani joined ESR India as its Country Head in September 2017. He has over 18 years of experience in commercial and industrial real estate operations in North America, Europe, the Middle East and Asia, including 11 years in logistics and industrial real estate in India. Mr. Malkani was a member of the founding team and former Managing Director of IndoSpace, which is currently the largest logistics real estate developer in India. He was also formerly the Country Head of Prologis India, where he established Prologis India's operations team. Mr. Malkani obtained a bachelor's degree in commerce from the Delhi University in India.

Adrian Chui

Adrian Chui has been the CEO and executive director of the ESR-REIT Manager since March 2017. He has over 17 years of real estate experience in Singapore and ASEAN. He was previously Managing Director, Head of Singapore Real Estate and Head of Southeast Asia Real Estate Advisory at Standard Chartered Bank, Director of Real Estate, Lodging and Leisure Group at UBS Investment Bank Singapore, and Lead Property Research Analyst at Morgan Stanley Asia (Singapore) Securities Pte Ltd. Mr. Chui has held management roles at CapitaCommercial Trust Management Limited, and was part of the pioneer management team of Ascendas Funds Management (S) Limited. He holds a Bachelor of Business from Nanyang Technological University in Singapore.

Bo Zhou

Bo Zhou joined the Company (formerly e-Shang) as China's COO in 2013. With over 20 years of experience in the logistics and real estate industries in China, Mr. Zhou started his career in Sinotrans Group in 1995 as Company Secretary of Sinotrans Air Transportation Development Company Limited, Managing Director of Exel-Sinotrans Freight Forwarding Company Limited and General Manager of Sinotrans Logistics Limited. He was the Vice President and Head of North Region of Prologis China from 2006 to 2010 and Senior Vice President and Head of Operations of GLP China (formerly Prologis China) from 2010 to 2012. Mr. Zhou holds an MBA from Peking University and a bachelor's degree in Information Management from Beijing Foreign Studies University.

Hideaki Matsunami

Hideaki Matsunami has over 40 years of real estate experience in Japan. Prior to joining the Company (formerly the Redwood group) in 2011, he was the Senior Vice President in AMB Japan and Prologis

Japan between 2000-2011. He also held key positions for Shimizu Corporation, one of the leading construction companies in Japan for 29 years. A licensed Japanese Broker and licensed first-class Architect, Mr. Matsunami graduated from the Department of Architecture, Faculty of Engineering, The University of Tokyo in Japan.

Jai Mirpuri

Jai Mirpuri has over 16 years of experience in real estate investment and fund management in Asia, including 11 years of investment and organisation building in The Redwood Group. Mr. Mirpuri joined Redwood in 2008, and became Country Head of ESR India in 2017 to establish the Company's platform in India. He previously held positions at Deutsche Bank and Capital One Bank. Mr. Mirpuri holds bachelor's and master's degrees in aerospace engineering from IIT Bombay, an MBA from INSEAD and a Capital Markets and Financial Advisory Services Certificate for Funds Management granted by the Institute of Banking and Finance from Singapore.

Jihun Kang

Jihun Kang is the Chief Investment Officer of ESR Kendall Square, the Company's South Korea Platform. He has over 18 years of experience in real estate investment, development and fund management. He was formerly Executive Director of Kendall Square Partners, Vice President of Prologis Korea and Director of Business Development at AMB Property Corporation. Mr. Kang holds a master's degree in real estate development from the Massachusetts Institute of Technology, USA, Masters in Architecture from Harvard University, USA and a bachelor's degree in architectural engineering from Yonsei University in South Korea.

Josh Daitch

Josh Daitch joined the Company in 2018 as Senior Managing Director and became the Group Head of Fund Management & Capital in 2020. He brings nearly three decades of real estate investment experience to the Group, having held leadership roles across the private equity and real estate divisions in various financial institutions, including SAJE Capital and Mesirow Financial. Mr. Daitch began his career with Goldman Sachs' joint venture with the J.E. Robert Companies and helped start the Goldman Sachs subsidiary, the Archon Group, in 1996. Mr. Daitch received his master of business administration degree from Northwestern University's Kellogg School of Management and a bachelor of business administration degree with high distinction from the University of Michigan.

Lilian Lee

Lilian Lee is the Group Chief Corporate Officer of the Company overseeing the Group's administration, human resources and IT functions. She has over 25 years of experience in the human resources field where she covers the full spectrum of human resources management. Prior to joining the Company, she was the General Manager of Human Resources and Administration of Mapletree Investments Pte. Ltd, while also serving as the Senior Vice President for the company's Group Learning and Development. Ms. Lee has extensive experience in managing sizeable, cross-market teams in various publicly listed companies including SIA Engineering Company and CapitaLand Limited. She graduated from the National University of Singapore with an honours degree in Arts.

Philip Pearce

Philip Pearce has over 20 years of real estate experience in the Asia Pacific Region, and has been on the Board of ESR Funds Management (S) Limited since April 2017. He has been the CEO of the

Company's Australia platform since August 2018. He was the former Managing Director, Greater China for the Goodman Group, where he was responsible for the establishment of the Goodman Group's business in China. Previously, he was at AMP Henderson Property Group where he worked in various roles including valuation, asset management and fund management. He holds a bachelor's degree in land economy from the University of Western Sydney, and a graduate diploma in applied finance from the Australian Securities Institute. He is also a member of the Australian Institute of Company Directors.

Thomas Nam

Thomas Nam is the CEO of ESR Kendall Square, the Company's South Korea Platform. With over 26 years of experience in the real estate sector, he was the President of Prologis Korea, once the largest logistics asset investment and development platform in South Korea. Previously he founded Kendall Square Investment, a real estate investment management company in South Korea with Warburg Pincus. He was also the Head of Overseas Investment at Samsung Life Insurance, and the Director of Investment at Rodamco Asia based in Hong Kong. He holds an MBA from the Kellogg School of Management of Northwestern University / the Hong Kong University of Science and Technology; and a master's degree in real estate development from the Massachusetts Institute of Technology, USA.

Wenyi Shou

Wenyi Shou joined the Company (formerly e-Shang) in February 2012 and is currently the Group General Counsel of the Company. She is responsible for overseeing legal matters in relation to group debt and equity financing, fund raising and fund management transactions, acquisition and disposition and other significant transactions as well as regulatory compliance and general corporate matters. Prior to joining the Company, Ms. Shou was previously at King & Wood Mallesons where she represented underwriters and issuers on debt and equity offerings, and advised private equity investment and M&A transactions. She graduated from East China University of Political Science and Law.

TAXATION

The sub-section headed "*Taxation — Singapore taxation*" of the Offering Circular shall be deleted in its entirety and replaced with the following:

Singapore taxation

The statements made below are general in nature and are based on current tax laws in Singapore and administrative guidelines and circulars issued by the relevant authorities in force as of the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the Singapore tax authorities or the courts may later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentives(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Securities are advised to consult their own professional tax advisers as to the tax consequences of the acquisition, ownership or disposal of the Securities, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuers, the Guarantor, any of the Arrangers, any of the Dealers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the acquisition, ownership or disposal of the Securities.

In addition, the disclosure below is on the assumption that the Inland Revenue Authority of Singapore ("**IRAS**") regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and/or that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax exemptions and concessions available to qualifying debt securities (provided that the other conditions for the qualifying debt securities scheme are satisfied). If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA or the distribution payments made under the Relevant Tranche of the Perpetual Securities are not regarded as interest payable on indebtedness and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

1. Taxation relating to payments on Securities

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or

indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0 per cent. As for non-resident individuals, the current applicable rate is 22.0 per cent. However, if the payment is derived by a person not resident in Singapore and such payment is (aa) not derived from any trade, business, profession or vocation carried on or exercised by such person in Singapore and (bb) not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

In addition, where more than half of the Securities issued under a tranche of the Programme are distributed by Financial Sector Incentive (Bond Market) Companies, Financial Sector Incentive (Capital

Market) Companies or Financial Sector Incentive (Standard Tier) Companies (each as defined in the ITA), such tranche of the Securities issued during the period from the date of this Offering Circular to 31 December 2023 (the "**Relevant Securities**") would, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the "**QDS Regulations**"), be "qualifying debt securities" for the purposes of the ITA to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require and the inclusion by the relevant Issuer in all offering documents relating to such tranche of the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" shall not apply if the non-resident person acquires such tranche of the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Specified Income") from the Relevant Securities, derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire such tranche of the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require), Specified Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the relevant Issuer including in all offering documents relating to that tranche of the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from such tranche of the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the relevant Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for that tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require,

    Specified Income derived from any tranche of the Relevant Securities is not subject to withholding of tax by the relevant Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Securities, such tranche of the Relevant Securities is issued to fewer than four persons and 50.0 per cent. or more of the issue

of such tranche of Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such tranche of Relevant Securities would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of the Relevant Securities is "qualifying debt securities", if, at any time during the tenure of such tranche of the Relevant Securities, 50.0 per cent. or more of such tranche of the Relevant Securities which is outstanding at any time during the life of its issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Specified Income from such tranche of the Relevant Securities derived by:

    (i) any related party of the relevant Issuer; or

    (ii) any other person where the funds used by such person to acquire such tranche of the Relevant Securities are obtained, directly or indirectly, from any related party of the relevant Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Securities by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" should not apply if such person acquires the Relevant Securities with funds from the Singapore operations.

Notwithstanding that the relevant Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Taxation relating to payments on Perpetual Securities Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the e-Tax Guide: Income Tax Treatment of Hybrid Instruments (Second Edition) on 21 October 2019 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative

of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

(i) nature of interest acquired;

(ii) investor's right to participate in issuer's business;

(iii) voting rights conferred by the instrument;

(iv) obligation to repay the principal amount;

(v) payout;

(vi) investor's right to enforce payment;

(vii) classification by other regulatory authority; and

(viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and

(d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions.

Application for tax ruling

The relevant Issuer may apply to the IRAS for an advance tax ruling to confirm the classification of any tranche of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions.

If such an application is made, the relevant Issuer will provide details of the tax ruling issued by the IRAS shortly after the receipt of the tax ruling.

3. Capital gains

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from a sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from a sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Securities will depend on the individual facts and circumstances relating to that sale of the Securities.

Holders of the Securities who are adopting or have adopted Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement ("**FRS 39**"), Singapore Financial Reporting Standard 109 — Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 treatment for Singapore income tax purposes".

4. Adoption of FRS 39, FRS 109 or SFRS(I) 9 treatment for Singapore income tax purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued an e-Tax Guide entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes. to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-Tax Guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

The sub-section headed "*Subscription and Sale — Public Offer Selling Restriction Under the Prospectus Directive*" of the Offering Circular shall be deleted in its entirety and replaced with the following:

Prohibition of Sales to EEA Retail Investors

Each Joint Global Coordinator and Joint Bookrunner represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Perpetual Securities which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

The following shall be inserted before the first paragraph in the sub-section headed "*Subscription and Sale — United Kingdom*" of the Circular:

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Global Coordinator and Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Perpetual Securities which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client, as defined **in** point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

The sub-section headed "*Subscription and Sale — Singapore*" of the Offering Circular shall be deleted in its entirety and replaced with the following:

Singapore

The Joint Global Coordinators and Joint Bookrunners have acknowledged that the Offering Circular and this Supplemental Offering Circular have not been registered as a prospectus with the MAS. Accordingly, each of the Joint Global Coordinators and Joint Bookrunners have represented and agreed that it has not offered or sold any Perpetual Securities or caused the Perpetual Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell the Perpetual Securities or cause the Perpetual Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular and this Supplemental Offering Circular or any other material in connection with the offer or sale, or invitation for subscription or purchase, of the Perpetual Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Perpetual Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Perpetual Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

PRICING SUPPLEMENT IN RELATION TO PERPETUAL SECURITIES

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION — Solely for the purposes of its obligations pursuant to sections 309(B)(1)(a) and 309(B)(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

EU PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Pricing Supplement dated 23 February 2021

ESR Cayman Limited
Issue of S$200,000,000 Perpetual Resettable Step-up Subordinated Securities
(the "Securities")
under the U.S.$2,000,000,000 Multicurrency Debt Issuance Programme

This document constitutes the Pricing Supplement relating to the issue of Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (the "**Conditions**") set forth in the Offering Circular dated 12 May 2017 and the Supplemental Offering Circular dated 23 February 2021 (together, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with such Offering Circular as so supplemented.

The Issuer will apply to the Inland Revenue Authority of Singapore ("**IRAS**") for an advance tax ruling to confirm the classification of the Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions. There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost derived from the Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

1	Issuer:		ESR Cayman Limited
2	(i)	Series Number:	5
	(ii)	Tranche Number:	1
3	Currency or Currencies:		Singapore dollars ("**S$**")
4	Aggregate Principal Amount:		
	(i)	Series:	S$200,000,000
	(ii)	Tranche:	S$200,000,000
5	Issue Price:		100.00 per cent. of the Aggregate Nominal Amount
6	(i)	Denomination Amount:	S$250,000 and integral multiples in excess thereof
	(ii)	Calculation Amount:	S$250,000
7	(i)	Issue Date:	2 March 2021
	(ii)	Distribution Commencement Date:	2 March 2021
	(iii)	First Call Date:	2 March 2026
8	Maturity Date:		Not Applicable
9	Distribution Basis:		5.65 per cent. Fixed Rate
10	Redemption/Payment Basis:		Redemption at par

11	Redemption Amount (including early redemption):	Redemption Amount per Calculation Amount shall be S$250,000
12	Put/Call Options:	Redemption at the Option of the Issuer Redemption for Taxation Reasons Redemption for Accounting Reasons Redemption for Tax Deductibility Redemption in the case of Minimal Outstanding Amount (further particulars specified below)
13	Status of Securities:	Subordinated Perpetual Securities
14	Parity Obligations:	As set out in Condition 3(b)(i) of the Conditions
15	Junior Obligations:	As set out in the definition of "Junior Obligations" pursuant to Condition 4(IV)(a) of the Conditions
16	Listing and admission to trading:	Singapore Exchange Securities Trading Limited Listing of the Securities is expected to be effective on or about 3 March 2021
17	Method of distribution:	Syndicated

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

18	Fixed Rate Perpetual Security Provisions:	Applicable
	(i) Distribution Rate:	5.65 per cent. per annum payable semi-annually in arrear
	(ii) Distribution Payment Date(s):	2 March and 2 September in each year
	(iii) Initial Broken Amount:	Not Applicable
	(iv) Final Broken Amount:	Not Applicable
	(v) Day Count Fraction:	Actual/365 (Fixed)
	(vi) First Reset Date:	2 March 2026
	(vii) Reset Date:	The First Reset Date and each date falling five years thereafter
	(viii) Reset Distribution Rate:	Prevailing 5-year SGD Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread plus the Step-up Margin, payable semi-annually in arrear

	(ix) Initial Spread:	4.73 per cent.
	(x) Reset Period:	Every five years
	(xi) Step-Up Margin:	2.00 per cent. per annum
	(xii) Relevant Rate:	"**Prevailing 5-year SGD Swap Offer Rate**" shall mean the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the rate appearing under the column headed "Ask" for a maturity of five years which appears on the Bloomberg Screen TPIS Page under the caption "Tullet Prebon — Rates — Interest Rate Swaps — Asia Pac — SGD" (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the day that is two business days preceding the Reset Date, provided that, in the event such rate is zero or negative, the 5-Year SGD Swap Offer Rate shall be deemed to be zero per cent. per annum
	(xiii) Benchmark Discontinuation:	See Schedule 1 for the fallback provisions applicable to the Securities in the event of a Benchmark Event (as defined therein)
	(xiv) Other terms relating to the method of calculating distribution for Fixed Rate Perpetual Securities:	Not Applicable
19	Floating Rate Perpetual Security Provisions:	Not Applicable
20	Others:	
	(i) Distribution Deferral:	Applicable
	(ii) Optional Distribution:	Applicable
	(iii) Dividend Stopper:	Applicable
	(iv) Dividend Pusher and Reference Period:	Applicable, six months
	(v) Non-cumulative Deferral:	Not Applicable
	(vi) Cumulative Deferral:	Applicable
	(vii) Additional Distribution:	Applicable

PROVISIONS RELATING TO REDEMPTION

21	Redemption at the Option of the Issuer:	Yes
	Issuer's Redemption Option Period (Condition 5(b)):	The Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the holders of the Securities, redeem all and not some only of the Securities on the First Call Date or on any Distribution Payment Date thereafter. Any such redemption of Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption
22	Redemption for Taxation Reasons:	Yes
	Issuer's Redemption Option Period (Condition 5(c)):	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time in accordance with Condition 5(c) of the Conditions
23	Redemption for Accounting Reasons:	Yes
	Issuer's Redemption Option Period (Condition 5(d)):	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time in accordance with Condition 5(d) of the Conditions
24	Redemption for Tax Deductibility:	Yes
	Issuer's Redemption Option Period (Condition 5(e)):	The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time in accordance with Condition 5(e) of the Conditions
25	Redemption in the case of Minimal Outstanding Amount Issuer's Redemption Option Period (Condition 5(f)):	Yes The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time in accordance with Condition 5(f) of the Conditions
26	Redemption Amount of each Perpetual Security:	See paragraph 11 of this Pricing Supplement

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL SECURITIES

27	Form of Perpetual Securities:	**Registered Perpetual Securities** Global Certificate exchangeable for Definitive Perpetual Securities in the limited circumstances specified in the Global Certificate

28	Talons for future Coupons to be attached to Definitive Perpetual Securities (and dates on which such Talons mature):	Not Applicable
29	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
30	Consolidation provisions:	Not Applicable
31	Private Banking Rebate:	Applicable
32	Use of Proceeds:	Refinancing of existing borrowings, financing of potential acquisition and investment opportunities which the Group may pursue in the future as well as working capital requirements and general corporate purposes of the Group
33	Other terms or special conditions:	Not Applicable

DISTRIBUTION

34	(i) If syndicated, names of Managers:	Credit Suisse (Singapore) Limited DBS Bank Ltd. United Overseas Bank Limited
	(ii) Stabilising Manager (if any):	Not Applicable
35	If non-syndicated, name of Dealer:	Not Applicable
36	U.S. selling restrictions:	Reg S Category 1 TEFRA Not Applicable The Securities are being offered and sold only in accordance with Regulation S.
37	Additional selling restrictions:	**Prohibition of Sales to EEA Retail Investors** Each Joint Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Singapore

Each Joint Bookrunner has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act

		(Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

OPERATIONAL INFORMATION

38	ISIN Code:	
39	Common Code:	
40	Legal Entity Identifier:	The legal entity identifier of the Issuer is 549300C81AR42BZUFZ09
41	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or CDP and the relevant identification number(s):	The Securities will be cleared through CDP
42	Delivery:	Delivery free of payment
43	Additional Paying Agent(s) (if any):	Not Applicable

GENERAL

44	Applicable governing document:	Trust Deed dated 12 May 2017
45	The aggregate principal amount of Perpetual Securities in the Currency issued has been translated into U.S. dollars at the rate of S$1.3208 = U.S.$1.00, producing a sum of (for Perpetual Securities not denominated in U.S. dollars):	U.S.$151,423,379.77
46	In the case of Registered Perpetual Securities, specify the location of the office of the Registrar if other than Hong Kong or Singapore:	Not Applicable
47	In the case of Bearer Perpetual Securities, specify the location of the office of the Issuing and Paying Agent if other than Hong Kong or Singapore:	Not Applicable
48	Ratings:	The Securities to be issued are unrated

49	Governing Law:	English law, except that the subordination provisions set out in Condition 3(b) applicable to the Issuer shall be governed by and construed in accordance with the laws of the Cayman Islands

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Securities described herein pursuant to the U.S.$2,000,000,000 Multicurrency Debt Issuance Programme of ESR Cayman Limited.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Securities including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Securities, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Securities unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Securities.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

SCHEDULE 1
BENCHMARK DISCONTINUATION

The following provisions shall be included in the Conditions in respect of the Securities as a new Condition 4(I)(g):

"4 Distribution and Other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(g) **Benchmark Discontinuation and Replacement**

(i) *Independent Adviser*

Notwithstanding the provisions above in this Condition 4(I), if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Distribution Determination Date when any Distribution Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 4(I)(g)(ii)) and an Adjustment Spread, if any (in accordance with Condition 4(I)(g)(iii)), and any Benchmark Amendments (in accordance with Condition 4(I)(g)(iv)) by the relevant Distribution Determination Date. An Independent Adviser appointed pursuant to this Condition 4(I)(g)(ii) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Issuing and Paying Agent or the Securityholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(I)(g).

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the relevant Distribution Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 4(I)(g)(ii)) and an Adjustment Spread if any (in accordance with Condition 4(I)(g)(iii)) and any Benchmark Amendments (in accordance with Condition 4(I)(g)(iv)).

If the Issuer is unable to determine the Benchmark Replacement prior to the relevant Distribution Determination Date, the Distribution Rate applicable to the next succeeding Distribution Period shall be equal to the Distribution Rate last determined in relation to the Securities in respect of the immediately preceding Distribution Period. If there has not been a first Distribution Payment Date, the Distribution Rate shall be the initial Distribution Rate. Where a different Step-up Margin is to be applied to the relevant Distribution Period from that which applied to the last preceding Distribution Period, the Step-up Margin relating to the relevant Distribution Period shall be substituted in place of the Step-up Margin relating to that last preceding Distribution Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Period only and any subsequent Distribution Periods are subject to the subsequence operation of, and to adjustments as provided in, the first paragraph of this Condition 4(I)(g)(i).

(ii) *Benchmark Replacement*

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) shall (subject to adjustment as provided in Condition 4(I)(g)(iii)) subsequently be used in place of the Original Reference Rate to determine the Distribution Rate (or the relevant component part thereof) for all future payments of distribution on the Securities (subject to the operation of this Condition 4(I)(g)).

(iii) *Adjustment Spread*

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Benchmark Replacement and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(iv) *Benchmark Amendments*

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines (i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(I)(g)(v), without any requirement for the consent or approval of Securityholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by a director or an authorised signatory of the Issuer pursuant to Condition 4(I)(g)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the reasonable opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(I)(g). Securityholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4(I)(g)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(I)(g) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Issuing and Paying Agent and, in accordance with Condition 14, the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by a director or an authorised signatory of the Issuer:

(1) confirming (x) that a Benchmark Event has occurred, (y) the Benchmark Replacement and, (z) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(I)(g); and

(2) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Securityholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(I)(g)(i), 4(I)(g)(ii), 4(I)(g)(iii) and 4(I)(g)(iv), the Original Reference Rate will continue to apply unless and until the Calculation Agent has been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(I)(g)(v).

(vii) *Definitions*

As used in this Condition 4(I)(g):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Securityholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(i) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(ii) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(iii) is determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be),

having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution accrual period and in the same currency as the Securities;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines in accordance with Condition 4(I)(g)(ii) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Securities (including, but not limited to, Singapore Government Bonds);

"**Benchmark Amendments**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Distribution Period", timing and frequency of determining rates and making payments of distribution, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Distribution Period, any other amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines is reasonably necessary);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or

(v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Securityholder using the Original Reference Rate; or

(vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

"**Benchmark Replacement**" means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Distribution Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be):

(i) Term SORA;

(ii) Compounded SORA;

(iii) the Successor Rate;

(iv) the ISDA Fallback Rate (including Fallback Rate (SOR)); and

(v) the Alternative Rate;

"**Compounded SORA**" means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the distribution amount payable prior to the end of each Distribution Period)

being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) in accordance with:

(i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; *provided that*:

(ii) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated securities at such time;

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

"**Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

"**Fallback Rate (SOR)**" has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(I)(g)(i);

"**Interpolated Benchmark**" with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon

the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Original Reference Rate**" means, initially, Swap Offer Rate (being the originally-specified reference rate of applicable tenor used to determine the Distribution Rate) or any component part thereof, including the relevant USD London Interbank Offered Rate, provided that if a Benchmark Event has occurred with respect to Swap Offer Rate or the then-current Original Reference Rate, then "**Original Reference Rate**" means the applicable Benchmark Replacement;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

"**SORA**" or "**Singapore Overnight Rate Average**" with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor; and

"**Term SORA**" means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been selected or recommended by the Relevant Nominating Body, or as determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(I)(g)(i)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated securities."

Signed on behalf of **ESR CAYMAN LIMITED**

By: ____________________________________

Duly authorised

GENERAL INFORMATION

(1) Application will be made for the listing and quotation of the Perpetual Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Circular. Approval in-principle for the listing and quotation of the Perpetual Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Group or the Perpetual Securities. The Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of S$250,000. So long as any Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Perpetual Securities may be presented or surrendered for payment or redemption, in the event that Global Certificate representing such Perpetual Securities is exchanged for definitive Perpetual Securities. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Perpetual Securities, including details of the paying agent in Singapore.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Island in connection with the issue of the Perpetual Securities. The issue of the Perpetual Securities was authorised by resolutions of the Board of Directors of the Issuer passed on 20 February 2021.

(3) Except as disclosed in the Offering Circular and this Supplemental Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2020 and no material adverse change in the prospects of the Issuer or the Group since 30 June 2020.

(4) Except as disclosed in the Offering Circular and this Supplemental Offering Circular, there are no legal or arbitration proceedings pending or, so far as the Issuer and its directors are aware, threatened against the Issuer or any member of the Group the outcome of which, in the opinion of the directors, may have or have had during the 12 months prior to the date of this Supplemental Offering Circular a material adverse effect on the financial position of the Issuer.

(5) The Legal Entity Identifier (LEI) Code of the Issuer is 549300C81AR42BZUFZ09.

(6) The following documents will be available, at all reasonable times during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Trustee and the specified office of the Issuing and Paying Agent, the addresses of which, as of the date of this Supplemental Offering Circular, are set out at the end of this Supplemental Offering Circular:

(i) the Trust Deed and the Agency Agreement;

(ii) the constitutive documents of the Issuer;

(iii) the Financial Statements;

(iv) the Data Privacy Notice;

(v) the Pricing Supplement; and

(vi) a copy of the Offering Circular and this Supplemental Offering Circular,

subject (a) in the case of the documents mentioned in (ii), (iii), (iv) and (v), to the same having first been provided by the Issuer to the Trustee and the Principal Paying Agent and (b) in the case of the Trust Deed, to the same having first been provided by the Issuer to the Principal Paying Agent.

(7) The Group's consolidated financial information as at and for the years ended 31 December 2018 and 2019 and as at and for the six months ended 30 June 2019 has been audited by Ernst & Young, the independent auditors of the Issuer. The Issuer's consolidated financial information as at and for the six months ended 30 June 2020 has been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". Ernst & Young has given and has not withdrawn its written consent to the issue of this Supplemental Offering Circular for the inclusion herein of (i) its name, (ii) the independent auditor's report on the consolidated financial statements of the Issuer for the years ended 31 December 2019, and (iii) the review report on the consolidated financial statements of the Issuer for the six months ended 30 June 2020, each in the respective form and context in which they appear in this Supplemental Offering Circular, and reference to its names and such reports in the form and context which they appear in this Supplemental Offering Circular.

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Note:
The audited consolidated financial statements for the financial years ended 31 December 2019 and condensed consolidated financial statements for the six months ended 30 June 2020 set out herein have been reproduced from the annual report for the year ended 31 December 2019 and interim report for the six months ended 30 June 2020 of ESR Cayman Limited, respectively, and page references are to the pages set forth in such reports.

Independent Auditor's Report

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To the shareholders of ESR Cayman Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ESR Cayman Limited (the "Company") and its subsidiaries (the "Group") set out on pages 123 to 238, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Impairment consideration of goodwill and the other intangible asset with indefinite useful life	
The goodwill of USD340,243,000 and the other intangible asset with indefinite useful life of USD74,985,000, which arose mainly from past acquisitions, are subject to an annual impairment review. No impairment charge was recognised against these balances in the current financial year. We identified impairment assessment of goodwill and the other intangible asset with indefinite useful life as a key audit matter because the impairment test and assessment were largely based on management's expectation and estimation of future results of the respective cash-generating units. The assumptions used in impairment test were based on management's estimates of variables such as budgeted gross fee income, the growth rates and the discount rates. Further disclosures on the Group's goodwill and the other intangible asset with indefinite useful life are in notes 20 and 21 to the consolidated financial statements.	Our audit procedures included, among others, an assessment of the assumptions and methodologies used by the Group in the value in use model. In doing so, we involved our internal valuation specialists to evaluate the valuation methodologies and the key assumptions such as discount rates and terminal growth rates. We assessed the reasonableness of cash flows projection and other related assumptions such as the budgeted gross fee income and future management fee rates. We tested the mathematical accuracy of the cash flows projection. We also reviewed the Group's disclosure regarding the impairment of goodwill and the other intangible asset with indefinite useful life.
Valuation of Investment properties	
The investment properties of USD2,785,926,000 were subject to fair value revaluation at the end of the year. The fair value as at 31 December 2019 was assessed by independent professional valuers. We identified the valuation of investment properties as a key audit matter because of the significance of total fair value of these investment properties to the consolidated financial statements and because the determination of the fair value involved significant judgement and estimations. The key assumptions included, among others, adopted term yield, reversionary yield and market unit rent for warehouse properties. Further disclosures on the Group's investment properties are in note 19 to the consolidated financial statements.	Our audit procedures included, among others, evaluating the independent professional valuers' competence, capabilities and objectivity. We involved our internal valuation specialists to evaluate the valuation methodologies and assess the reasonableness of the key assumptions provided by management to the independent professional valuers, such as the adopted term yield, reversionary yield and market unit rent by benchmarking the rates against specific property data, comparables and prior year's inputs. We also reviewed the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.

Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Wai Lap, Philip.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2019

	Notes	2019 USD'000	2018 USD'000
REVENUE	4, 5	357,369	254,148
Cost of sales		(81,170)	(43,742)
Gross profit		276,199	210,406
Other income and gains	5	369,565	254,305
Administrative expenses		(198,417)	(154,567)
Finance costs	7	(180,368)	(104,929)
Share of profits and losses of joint ventures and associates, net		93,355	65,372
Profit before tax	6	360,334	270,587
Income tax expense	10	(81,934)	(57,709)
Profit for the year		278,400	212,878
Attributable to:			
Owners of the Company		245,177	203,042
Non-controlling interests		33,223	9,836
		278,400	212,878
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
For profit for the year	12	USD0.09	USD0.08
Diluted			
For profit for the year	12	USD0.09	USD0.08
Profit for the year		278,400	212,878
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(31,566)	(57,792)
Share of other comprehensive loss of joint ventures and associates		(16,003)	(13,465)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(47,569)	(71,257)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		63,371	8,544
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		63,371	8,544
Other comprehensive income/(loss) for the year, net of tax		15,802	(62,713)
Total comprehensive income for the year		294,202	150,165
Attributable to:			
Owners of the Company		257,406	134,941
Non-controlling interests		36,796	15,224
		294,202	150,165

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 USD'000	2018 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	31,481	21,061
Right-of-use assets	14	11,831	9,090
Investments in joint ventures	15	697,996	404,699
Investment in an associate	16	–	9,334
Financial assets at fair value through profit or loss	17	589,417	335,771
Financial assets at fair value through other comprehensive income	18	542,925	484,239
Investment properties	19	2,785,926	1,885,502
Goodwill	20	340,243	285,382
Other intangible assets	21	92,958	79,493
Other non-current assets	22	39,811	34,361
Deferred tax assets	29	23,554	13,559
Total non-current assets		5,156,142	3,562,491
CURRENT ASSETS			
Trade receivables	23	88,897	63,057
Prepayments, other receivables and other assets	24	129,022	224,673
Cash and bank balances	25	884,206	581,379
		1,102,125	869,109
Assets classified as held for sale	32	93,931	–
Total current assets		1,196,056	869,109
CURRENT LIABILITIES			
Bank and other borrowings	26	232,209	436,194
Lease liabilities	27	5,670	3,374
Redeemable convertible preference shares	31	–	296,778
Trade payables, accruals and other payables	28	211,409	111,743
Income tax payable		18,431	7,284
		467,719	855,373
Liabilities directly associated with assets classified as held for sale	32	21,257	–
Total current liabilities		488,976	855,373
NET CURRENT ASSETS		707,080	13,736
TOTAL ASSETS LESS CURRENT LIABILITIES		5,863,222	3,576,227

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 USD'000	2018 USD'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	211,286	191,949
Bank and other borrowings	26	2,338,708	1,024,279
Lease liabilities	27	17,486	6,311
Other non-current liabilities		44,630	35,766
Total non-current liabilities		2,612,110	1,258,305
NET ASSETS		3,251,112	2,317,922
EQUITY			
Equity attributable to owners of the Company			
Issued capital	41	3,037	2,689
Perpetual capital securities	43	97,379	97,379
Equity components of redeemable convertible instruments	31	–	37,132
Other reserves	44	2,925,838	1,952,839
		3,026,254	2,090,039
Non-controlling interests	33	224,858	227,883
Total equity		3,251,112	2,317,922

Mr Jeffrey David Perlman
Director

Mr Jinchu Shen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company													
	Issued capital (note 41)	Share premium* (note 41)	Statutory reserve* (note 44)	Merger reserve* (note 44)	Share option reserve* (note 42)	Exchange Fluctuation reserve* (note 44)	Retained profits*	Investment reserve (non-recycling)*	Equity component of redeemable convertible preference shares (note 31)	Perpetual capital instrument	Other reserve*	Total	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 1 January 2019	2,689	1,370,398	935	56,358	25,341	(88,088)	588,788	(893)	37,132	97,379	–	2,090,039	227,883	2,317,922
Profit for the year	–	–	–	–	–	–	245,177	–	–	–	–	245,177	33,223	278,400
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	61,664	–	–	–	61,664	1,707	63,371
Exchange differences on translation of foreign operations	–	–	–	–	–	(33,432)	–	–	–	–	–	(33,432)	1,866	(31,566)
Share of other comprehensive loss of joint ventures	–	–	–	–	–	(16,003)	–	–	–	–	–	(16,003)	–	(16,003)
Total comprehensive income for the year	–	–	–	–	–	(49,435)	245,177	61,664	–	–	–	257,406	36,796	294,202
Transferred from retained profit	–	–	1,542	–	–	–	(1,542)	–	–	–	–	–	–	–
Transfer of fair value reserve of equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	–	66	(66)	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	(8,250)	–	–	8,250	–	–	–	–
Distribution paid to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	–	–	–	(8,250)	–	(8,250)	–	(8,250)
Acquisition of subsidiaries (note 34)	–	–	–	–	–	–	11,125	(11,125)	–	–	–	–	798	798
Disposal of subsidiaries	–	–	(724)	–	–	4,901	–	–	–	–	–	4,177	–	4,177
Contribution from non-controlling interests	–	–	–	–	–	–	21,220	–	–	–	–	21,220	47,166	68,386
Acquisition of non-controlling interests	–	–	–	–	–	–	1,474	–	–	–	–	1,474	(6,782)	(5,308)
Distribution to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(80,655)	(80,655)
Dividend distribution to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(348)	(348)
Issue of new shares pursuant to Global Offering (note 41)	280	601,004	–	–	–	–	–	–	–	–	–	601,284	–	601,284
Share issue expenses (note 41)	–	(11,958)	–	–	–	–	–	–	–	–	–	(11,958)	–	(11,958)
Issue of shares upon conversion of convertible preference shares	49	75,498	–	–	–	–	–	–	(7,914)	–	–	67,633	–	67,633
Issue of shares upon exercise of share options	19	7,584	–	–	(7,603)	–	–	–	–	–	–	–	–	–
Redemption of convertible preference shares	–	–	–	–	–	–	–	–	(29,218)	–	29,218	–	–	–
Settlement of share options by cash	–	–	–	–	(10,391)	–	(4,849)	–	–	–	–	(15,240)	–	(15,240)
Transfer of share options reserve upon the forfeiture of share option	–	–	–	–	(15)	–	15	–	–	–	–	–	–	–
Equity-settled share option arrangement (note 42)	–	–	–	–	18,469	–	–	–	–	–	–	18,469	–	18,469
As at 31 December 2019	3,037	2,042,526	1,753	56,358	25,801	(132,622)	853,224	49,580	–	97,379	29,218	3,026,254	224,858	3,251,112

* These reserve accounts comprise the consolidated reserves of USD2,925,838,000 in the consolidated statement of financial position as at 31 December 2019 (2018: USD1,952,839,000).

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the Company														
	Issued capital (note 41)	Share premium* (note 41)	Statutory reserve* (note 44)	Merger reserve* (note 44)	Share option reserve* (note 42)	Exchange Fluctuation reserve* (note 44)	Available - for-sale investment revaluation reserve*	Retained profits*	Investment reserve (non-recycling)*	Equity component of warrant instrument	Equity component of redeemable convertible preference shares (note 31)	Perpetual capital instrument	Total	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 1 January 2018	2,335	972,735	742	56,358	12,345	(11,443)	(10,138)	394,470	-	26,704	37,132	98,845	1,580,085	126,555	1,706,640
Impact on initial application of IFRS 9	-	-	-	-	-	-	10,138	(701)	(9,437)	-	-	-	-	-	-
Adjusted balances as at 1 January 2018	2,335	972,735	742	56,358	12,345	(11,443)	-	393,769	(9,437)	26,704	37,132	98,845	1,580,085	126,555	1,706,640
Profit for the year	-	-	-	-	-	-	-	203,042	-	-	-	-	203,042	9,836	212,878
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	8,544	-	-	-	8,544	-	8,544
Exchange differences on translation of foreign operations	-	-	-	-	-	(63,180)	-	-	-	-	-	-	(63,180)	5,388	(57,792)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(13,465)	-	-	-	-	-	-	(13,465)	-	(13,465)
Total comprehensive income for the year	-	-	-	-	-	(76,645)	-	203,042	8,544	-	-	-	134,941	15,224	150,165
Issue of shares (note 41)	299	370,959	-	-	(10,161)	-	-	-	-	-	-	-	361,097	-	361,097
Transferred from retained profit	-	-	193	-	-	-	-	(193)	-	-	-	-	-	-	-
Transfer of equity component of redeemable convertible instrument	55	26,704	-	-	-	-	-	-	-	(26,704)	-	-	55	-	55
Repurchase of perpetual capital securities (note 43)	-	-	-	-	-	-	-	-	-	-	-	(1,466)	(1,466)	-	(1,466)
Profit attributable to holders of perpetual capital securities(note 43)	-	-	-	-	-	-	-	(8,192)	-	-	-	8,192	-	-	-
Distribution paid to holders of perpetual capital securities(note 43)	-	-	-	-	-	-	-	-	-	-	-	(8,192)	(8,192)	-	(8,192)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	57,442	57,442
Issuance of shares of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	15,481	15,481
Contribution from non-controlling interest	-	-	-	-	-	-	-	362	-	-	-	-	362	13,793	14,155
Dividend distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(612)	(612)
Equity-settled share option arrangement (note 42)	-	-	-	-	23,157	-	-	-	-	-	-	-	23,157	-	23,157
As at 31 December 2018	2,689	1,370,398	935	56,358	25,341	(88,088)	-	588,788	(893)	-	37,132	97,379	2,090,039	227,883	2,317,922

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 USD'000	2018 USD'000
Cash flows from operating activities			
Profit before tax		360,334	270,587
Adjustments for:			
Solar insurance compensation		(1,586)	–
Depreciation of property, plant and equipment	6	4,660	1,812
Amortisation of other intangible assets	6	6,867	5,089
Depreciation of right-of-use assets	6	4,836	3,325
Fair value gains on financial assets at fair value through profit or loss	5	(74,290)	(44,937)
Fair value gains on investment properties under construction	5	(157,515)	(62,779)
Fair value gains on completed investment properties	5	(68,568)	(109,688)
Loss on disposal of items of property, plant and equipment	6	703	9,697
Share of profits and losses of joint ventures and associates, net		(93,355)	(65,372)
Equity-settled share option expense	6	18,469	23,157
Gain on remeasurement of investment in associate to fair value	5	(8,556)	–
Gains on disposal of subsidiaries	5	(16,495)	(2,662)
Finance costs	7	180,368	104,929
Interest income	5	(7,974)	(1,530)
Dividend income	5	(33,599)	(25,519)
		114,299	106,109
Increase in trade receivables		(29,668)	(21,012)
Increase in prepayments, other receivables and other assets		(15,281)	(17,238)
Increase in trade payables, accruals and other payables		18,426	27,684
Cash flows generated from operations		87,776	95,543
Income tax paid		(31,839)	(16,203)
Net cash flows generated from operating activities		55,937	79,340

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 USD'000	2018 USD'000
Cash flows used in investing activities			
Purchases of property, plant and equipment		(15,350)	(13,229)
Disposal of property, plant and equipment		33	–
Additions of other intangible assets	21	(918)	(499)
Additions of investment properties		(462,037)	(106,998)
Disposal of investment properties		217,672	–
Prepayments for acquiring land use rights		(4,297)	(8,729)
Increase in deposits for bidding of land use rights		–	(16,476)
Purchase of financial assets at fair value through profit or loss		(165,155)	(154,481)
Prepayments for financial assets at fair value through profit or loss		–	(42,763)
Dividend income from financial assets at fair value through profits or loss		14,248	–
Distribution from financial assets at fair value through profits or loss		106,388	–
Purchase of financial assets designated at fair value through other comprehensive income		(85,247)	(243,745)
Dividend income from financial assets designated at fair value through other comprehensive income		20,319	26,142
Disposal of financial assets at fair value through other comprehensive income		100,941	–
Acquisition of subsidiaries	34	(546,032)	(165,985)
Disposal of subsidiaries	36	193,324	(11,415)
Capital injection in joint ventures		(145,422)	(31,160)
Purchase of other investment		(7,530)	–
Dividend income from associates		4,221	–
Addition to investment in associates		(126)	–
Advances to related parties		(3,824)	(3,652)
Release of non-pledged fixed time deposits with maturity period over three months		15,318	–
Interest received		7,974	1,530
Increase in non-pledged fixed time deposits with maturity period over three months		(881)	(15,318)
Net cash flows used in investing activities		(756,381)	(786,778)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 USD'000	2018 USD'000
Cash flows from financing activities			
Proceeds from bank and other borrowings	30	2,079,976	584,812
Repayments of bank and other borrowings	30	(1,217,314)	(195,500)
Interest of bank and other borrowings paid	30	(122,887)	(54,615)
Increase in restricted cash	25	(2,766)	(19,294)
Release of restricted cash	25	1,022	–
Acquisition of non-controlling interests		(5,308)	–
Capital contribution from non-controlling shareholders		68,386	11,199
Distribution paid to non-controlling interests		(80,655)	–
Distribution paid to holders of perpetual capital securities	43	(8,250)	(8,192)
Release of bank deposits pledged for bank loans	25	–	29,092
Increase in pledged bank deposits for bank loans	25	(1,089)	–
Proceeds from issue of shares		601,284	361,097
Share issue expenses		(11,958)	–
Repurchase of perpetual capital securities	43	–	(1,466)
Redemption of redeemable convertible preference share	31	(228,000)	–
Interest of redeemable convertible preference shares paid	31	(39,010)	(13,031)
Repayments to related parties		(2,166)	(1,197)
Dividend paid to non-controlling shareholder of a subsidiary		(348)	(612)
Principal portion of lease payments	30	(6,478)	(3,616)
Net cash generated from financing activities		1,024,439	688,677
Net increase/(decrease) in cash and cash equivalents		323,995	(18,761)
Cash and cash equivalents at beginning of year		502,056	526,988
Effect of foreign exchange rate changes, net		631	(6,171)
Cash and cash equivalents at end of year		826,682	502,056
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		884,206	581,379
Non-pledged fixed time deposits with maturity period over three months	25	(881)	(15,318)
Restricted bank balances	25	(21,038)	(19,294)
Pledged bank deposits	25	(45,800)	(44,711)
Cash and short term deposits attributable to the disposal group held for sales	32	10,195	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		826,682	502,056

Notes to the Consolidated Financial Statements

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1. CORPORATE INFORMATION

ESR Cayman Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 14 June 2011. The address of the registered office is c/o Walkers Corporate Limited, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company and its subsidiaries (together, the "Group") are principally engaged in logistics real estate development, leasing, management and fund management platforms in the Asia Pacific region.

Information about subsidiaries

As at the end of 31 December 2019, the Company had direct and indirect interests in its principal subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai e-Shang Warehousing Services Co., Ltd.	The PRC 8 July 2011	RMB109,090,909	N/A	100%	Investment and management
Dongguan Huishang e-commerce Services Co., Ltd.	The PRC 21 December 2011	USD20,000,000	N/A	100%	Warehousing business
Langfang Weidu International Logistics Co., Ltd.	The PRC 15 March 2011	USD24,000,000	N/A	100%	Warehousing business
Jiangsu Friend Warehousing Co., Ltd.	The PRC 14 August 2003	RMB371,320,077	N/A	100%	Warehousing business
Dongguan Hongshang Warehousing Services Co., Ltd.	The PRC 24 June 2013	USD63,000,000	N/A	100%	Warehousing business
Tianjin Fanbin Warehousing Service Co., Ltd.	The PRC 22 August 2013	USD29,200,000	N/A	100%	Warehousing business
Kendall Square Logistics Properties, Inc.	South Korea 16 December 2014	KRW9,000,000,000	N/A	100%	Investment and management
Redwood Asian Investment, Ltd. ("RAIL")	Cayman Islands 5 August 2013	USD100	100%	N/A	Investment holding
ESR Singapore Pte. Ltd.	Singapore 27 November 2007	USD1	100%	N/A	Investment and management
ESR LTD	Japan 8 May 2006	JPY466,970,000	N/A	100%	Investment and management
Sunwood Singapore Holding Pte. Ltd.	Singapore 24 December 2014	USD152,014,893	N/A	95%	Investment and management
ESR Pte. Ltd.	Singapore 26 May 2017	AUD308,885,207	95.5%	N/A	Investment holding
E-Shang Infinity Cayman Ltd.	Cayman Islands 30 September 2015	USD35,243,934	N/A	100%	Investment holding
RW Higashi Ogishima TMK ("Higashi").	Japan 18 March 2016	JPY5,000,000	N/A	70%	Warehousing business
Guangzhou Mingyue Warehousing Co., Ltd.	The PRC 6 December 2012	RMB76,000,000	N/A	65%	Warehousing business

Notes to the Consolidated Financial Statements

31 December 2019

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
ESR Funds Management (S) Limited	Singapore 14 September 2005	SGD64,714,500	N/A	67.3%	Investment and management
ESR Property Management (S) Pte. Ltd.	Singapore 4 November 2005	SGD250,000	N/A	100%	Investment and management
Shanghai Yurun Meat Food Co., Ltd.	The PRC 3 June 2010	RMB650,000,000	N/A	74%	Warehousing business
Summit (BVI) Limited	BVI 24 February 2012	USD1	100%	N/A	Investment and management
Tianjin Fanxin Warehousing Service Co., Ltd.	The PRC 17 June 2014	USD16,500,000	N/A	90%	Warehousing business
Shenyang Yibei Warehousing Service Co., Ltd.	The PRC 8 December 2015	USD15,000,000	N/A	100%	Warehousing business
Kendall Square Asset Management, Inc.	South Korea 1 September 2016	KRW2,500,000,000	N/A	100%	Investment and management
ESR HK Management Limited	Cayman Islands 29 June 2018	USD100	100%	N/A	Investment holding
Propertylink Trust	Australia 29 June 2016	AUD107,459,985	N/A	92.2%	Investment and management
Propertylink Australian Industrial Partnership	Australia 29 June 2016	AUD134,649,716	N/A	92.2%	Investment and management
ESR Asset Management (Holdings) Limited (formerly known as PropertyLink (Holdings) Limited)	Australia 3 May 2000	AUD94,440,326	N/A	92.2%	Investment and management
ESR Sachiura 3 TMK	Japan 11 January 2019	JPY5,000,000	N/A	100%	Asset holding
ESR Sachiura 4 TMK	Japan 11 January 2019	JPY5,000,000	N/A	100%	Asset holding
Lekun Warehousing (Wuxi) Co., Ltd.	The PRC 5 November 2014	USD13,900,000	N/A	100%	Warehousing business
CIP Constructions (Australia) Pty Ltd (formerly known as Commercial & Industrial Property Pty Ltd)	Australia 12 June 2003	AUD37,258,519	N/A	92.2%	Construction

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

31 December 2019

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. Disposal group held for sale is stated at the lower of its carrying amount and fair value less cost to sell as further explained in note 2.4. These financial statements are presented in USD, with values rounded to nearest thousand except when otherwise indicated.

All IFRSs effective for the accounting period commencing on/before 1 January 2019, including IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases, together with the relevant transitional provision, have been early adopted by the Group in the preparation of the consolidated financial statements since the adoptions.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

31 December 2019

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Consolidated Financial Statements

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not adopted the following standards that have been issued but not yet effective, in the financial statements:

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor* and its Associate or Joint Venture[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of liabilities as current or non-current*[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Notes to the Consolidated Financial Statements

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures by IASB. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. In addition, the amendments clarify the situations that are considered settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2022. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method, less any impairment losses.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

If the Group's ownership interest in a joint venture is reduced, but investment continues to be classified either as a joint venture, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets and liabilities at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss at 31 December 2019 and 2018. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at 31 December 2019 and 2018.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at 31 December 2019 and 2018 as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) ; and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Motor vehicles	4 years	10%
Machinery	20 years	0%
Leasehold improvements	5 years	0%
Others	3~5 years	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties comprise completed property and property under construction or re-development (including the leasehold property interest held as a right-of-use asset (2018: leasehold property under an operating lease) held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of other intangible assets are assessed to be finite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for another intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The principal estimated useful lives of other intangible assets are as follows:

Category	Estimated useful life	Estimated residual value
Software	3 years	0%
Management contracts	7 years	0%
Trust management rights	indefinite useful lives	0%
Customer contracts	3 years	0%
Others	indefinite useful lives	0%

Leases

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Financial instruments

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the assets.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

Subsequent measurement

Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and financial assets included in prepayments, other receivables and other assets.

Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled in profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group's trade and other receivables are subject to IFRS 9's expected credit loss model.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

Notes to the Consolidated Financial Statements
31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments and redeemable convertible preference shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derivative financial instruments

Warrant instruments are initially recognised as financial liability at fair value on the date on which the warrant instrument is issued and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value of warrant instruments are taken directly in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Redeemable convertible instruments

The component of redeemable convertible instruments that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of redeemable convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of a redeemable convertible instruments exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the instruments is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

Preference shares

Preference share capital issued by certain subsidiaries of the Group is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital issued by certain subsidiaries of the Group is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary, and non-discretionary dividends thereon that are estimated based on profits or net assets of underlying issuers are recognised as fair value gains or losses in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Reclassification of financial liabilities

The nature and risk profile of a financial instrument may change as a result of a change in circumstances. From the date of such change in circumstances, the derivative component of the instruments were reclassified from financial liability to equity (absent of any other terms requiring its continued classification as financial liability).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or canceled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Cash and bank balances

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and restricted cash.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at 31 December 2019 expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by 31 December 2019, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at 31 December 2019 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at 31 December 2019 and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at 31 December 2019 and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The specific recognition criteria described below must also be met before revenue is recognised.

Management fee income

Management fee income comprise base management fees, asset management fees and development management fees which are recognised over time and leasing fee income, acquisition fee income and promote fee which are recognised at point in time.

Base management fees are derived from the management of real estate investment funds or warehousing projects. Base management fee derived from the management of real estate investment funds is determined based on the total capital commitment or net equity invested as the case may be for these funds. Asset management fee derived from the management of warehousing projects is determined based on the fair value of properties.

Development management fee is earned on a straight-line basis in accordance with the relevant project construction cost across the entire construction period.

Leasing fee income relates to fees earned in consideration of the investment manager carrying out the leasing services for the real estate investment funds.

Acquisition fee income relates to fees earned in relation to the acquisition of properties by real estate investment funds. The acquisition fee income is determined based on the value of the properties acquired and is recognised when the services have been rendered.

Promote fee income is earned when the performance targets are met.

Solar energy income

Solar energy income is recognised based on direct measurements of the value to the customer of the services transferred to date according to contracts with the customer. Revenue are recognised based on price specified in the contracts and output delivered to customers.

Construction income

Construction income is recognised in accordance with the percentage of completion method measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. The stage of completion is measured by reference to the completion of specific milestones in the construction process. On completion of each milestone, the recoverable costs incurred during the period plus the related fee earned corresponding to the particular milestone are recognised as revenue.

Notes to the Consolidated Financial Statements

31 December 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from other sources

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue.

Interest income

Interest income is accounted for on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the company's right to receive payment is established.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at 31 December 2019 and 2018 until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share- based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding option is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The employees of the Group's subsidiaries which operate in The PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit and loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries which operate in Singapore and other jurisdictions are required to participate in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as employee benefit expenses in profit or loss in the periods during which related services are rendered by the employees.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 0.7% (2018: 2.5%) has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Company's functional currency is USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at 31 December 2019. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Notes to the Consolidated Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than USD. As at 31 December 2019, the assets and liabilities of these entities were translated into the presentation currency of the Company at the exchange rates prevailing at 31 December 2019 and their statements of profit or loss are translated into USD at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into USD at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Judgement (continued)

Deferred tax liabilities for withholding tax

Pursuant to The PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in The PRC (A lower withholding tax rate may be applied if there is a tax treaty between PRC and the jurisdiction of the foreign investors). As at 31 December 2019 and 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in The PRC. No deferred taxation has been provided for the distributable retained profits of approximately USD11,758,000 as at 31 December 2019 (2018: USD3,766,000), which were derived from The PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Whether the presumption that investment properties stated at fair value are recovered through sale or use in determining deferred tax

As of 31 December 2019, deferred tax liabilities amounting to USD178,353,000(2018: USD164,768,000), has been provided for the revaluation of investment properties. The Group determines that these deferred tax liabilities are recognised based on the presumption that the investment properties stated at fair value are recovered through use rather than sale. Further details are given in note 29.

Consolidation of structured entities

The management makes significant judgment on whether to control and consolidate structured entities. The decision outcome impacts accounting methodologies in use and the financial and operational results of the Group.

When assessing control, the Group considers: (1) the level of control of the investor over the investee; (2) variable returns gained through participation of relevant activities of the investee; and (3) the amount of return gained from using its power over the investee.

When assessing the level of control over the structured entities, the Group considers the following four aspects:

- the degree of participation when establishing the structured entities;
- contractual arrangements;
- activities that take place only at special occasions or occurring events; and
- commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision-making scope over the structured entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entities.

Notes to the Consolidated Financial Statements

31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 December 2019, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2019 was USD340,243,000(2018: USD285,382,000). Further details are given in note 20.

Impairment of trade receivables

Before 1 January 2018, the provision policy for impairment of receivables of the Group was based on ongoing assessment of the recoverability and the aging analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement was required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

From 1 January 2018, the impairment loss in respect of trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of trade and other receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 23 and note 24.

Notes to the Consolidated Financial Statements

31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(1) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;

(2) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(3) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2019 was USD2,785,926,000(2018: USD1,885,502,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 19 to the financial statements.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyzes and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at 31 December 2019. Other intangible assets with indefinite life are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Consolidated Financial Statements

31 December 2019

4. OPERATING SEGMENT INFORMATION

For fund management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) The investment segment is divided into three main categories: (i) properties that the Group holds on balance sheet, from which the Group derives total return, including rental income and appreciation in value, (ii) co-investments funds and investment vehicles and the REIT the Group manages, from which the Group derives dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments.

(b) The fund management segment earns fee income for managing assets on behalf of the Group's capital partners via funds and investment vehicles. The Group's fees include base management fees, asset fund management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the Group's capital partners have received their targeted capital returns.

(c) The development segment earns development profit through the development, construction and sale of completed investment properties. The development profit includes construction income, fair value gains on investment properties under construction and gains on disposal of subsidiaries. The Group also derives pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles managed by the Group in proportion to Group's co-investments in those funds and investment vehicles.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, exchange differences, depreciation and amortisation, equity-settled share option expense, a gain on deemed partial disposal of a joint venture as well as head office and corporate expenses are excluded from such measurement.

Notes to the Consolidated Financial Statements

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4. OPERATING SEGMENT INFORMATION (continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Year ended 31 December 2019			
	Investment USD'000	Fund management USD'000	Development USD'000	Total USD'000
Segment revenue	120,790	166,721	69,858	357,369
– Intersegment sales	–	187	–	187
	120,790	166,908	69,858	357,556
Reconciliation:				
Elimination of intersegment sales	–	(187)	–	(187)
Revenue from continuing operations	120,790	166,721	69,858	357,369
Operating expenses	(35,461)	(35,453)	(97,583)	(168,497)
Fair value gains on investment properties	68,568	–	157,515	226,083
Changes in fair value of financial assets and liabilities at fair value through profit or loss	35,533	–	38,757	74,290
Share of profits and losses of joint venture and associate	33,058	557	59,740	93,355
Gain on disposal of subsidiaries	–	–	16,495	16,495
Dividend income	33,599	–	–	33,599
Segment result	256,087	131,825	244,782	632,694
Reconciliation:				
Depreciation and amortisation				(16,363)
Exchange loss				(1,111)
Interest income				7,974
Other unallocated gains				11,124
Corporate and other unallocated expenses				(75,147)
Finance costs				(180,368)
Equity-settled share option expense				(18,469)
Profit before tax from continuing operations				360,334
Other segment information:				
Depreciation and amortisation				(16,363)
Capital expenditure*				1,340,032
Investments in joint ventures				697,996

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4. OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2018			
	Investment USD'000	Fund management USD'000	Development USD'000	Total USD'000
Segment revenue	77,904	135,579	40,665	254,148
– Intersegment sales	–	895	–	895
	77,904	136,474	40,665	255,043
Reconciliation:				
Elimination of intersegment sales	–	(895)	–	(895)
Revenue from continuing operations	77,904	135,579	40,665	254,148
Operating expenses	(22,887)	(25,978)	(57,544)	(106,409)
Fair value gains on investment properties	109,688	–	62,779	172,467
Changes in fair value of financial assets and liabilities at fair value through profit or loss	13,196	–	31,741	44,937
Share of profits and losses of joint venture and associate	30,172	–	35,200	65,372
Gain on disposal of subsidiaries	–	–	2,662	2,662
Dividend income	25,519	–	–	25,519
Segment result	233,592	109,601	115,503	458,696
Reconciliation:				
Depreciation and amortisation				(10,226)
Exchange loss				(869)
Interest income				1,530
Other unallocated gains				7,190
Corporate and other unallocated expenses				(57,648)
Finance costs				(104,929)
Equity-settled share option expense				(23,157)
Profit before tax from continuing operations				270,587
Other segment information:				
Depreciation and amortisation				(10,226)
Capital expenditure*				646,396
Investments in joint ventures				404,699
Investments in associates				9,334

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary.

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4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2019 USD'000	2018 USD'000
The PRC	89,556	89,008
Japan	82,213	64,325
South Korea	44,415	37,861
Singapore	21,895	21,701
Australia	117,108	41,253
India	2,182	–
	357,369	254,148

The revenue information of continuing operations above is based on the locations of the assets.

(b) Non-current assets

	2019 USD'000	2018 USD'000
The PRC	1,862,772	1,701,925
Japan	958,131	645,027
South Korea	281,705	180,798
Singapore	137,885	104,382
Australia	721,024	96,790
India	38,729	–
	4,000,246	2,728,922

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the years ended 31 December 2019 and 2018, no major customer information is presented in accordance with IFRS 8 Operating Segments.

Notes to the Consolidated Financial Statements

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5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue

An analysis of revenue is as follows:

	2019 USD'000	2018 USD'000
Rental income from investment property operating leases (note (i))	118,042	74,311
Management fee income	166,721	135,579
Construction income	69,858	40,665
Solar energy income	2,748	3,593
Total	357,369	254,148

Timing of revenue recognition

	2019 USD'000	2018 USD'000
Rental income from investment property operating leases	118,042	74,311
Point in time		
Management fee income	59,627	45,273
Over time		
Management fee income	107,094	90,306
Construction income	69,858	40,665
Solar energy income	2,748	3,593
	357,369	254,148

Note:

(i) Rental income from investment property operating leases does not include variable lease payments that do not depend on an index or a rate.

Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

Management services

For base management fees, asset management fees and development management fees, the performance obligation is satisfied over time as services are rendered. For acquisition and leasing fees, the performance obligation is satisfied at a point in time upon the successful acquisition of properties and carrying out leasing services, as the customers only receive and consume the benefits provided by the Group upon the successful acquisition and leasing services.

Notes to the Consolidated Financial Statements

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5. REVENUE, OTHER INCOME AND GAINS (continued)

(a) Revenue (continued)

Performance obligations (continued)

Solar energy sales

Performance obligations in the contract are the provision of electricity power through the solar panels to the electric power company. They are provided continuously over the contractual period, so the services in the contract represent a single performance obligation. The electric power company simultaneously receives and consumes the benefits provided by the Group.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and 2018 are as follows:

	2019 USD'000	2018 USD'000
Within one year	77,794	46,460
After one year	–	2,100
	77,794	48,560

The amount of transaction prices allocated to remaining performance obligations relate to construction services that are normally to be satisfied within one year, of which the amounts disclosed above do not include variable consideration which is constrained; and promote fee relates to management services to which management has exercised judgment in applying constraint on the recognition of the promote fee income.

(b) Other income and gains

	Notes	2019 USD'000	2018 USD'000
Fair value gains on completed investment properties	19	68,568	109,688
Fair value gains on investment properties under construction	19	157,515	62,779
Changes in fair value of financial assets and liabilities at fair value through profit or loss		74,290	44,937
Gain on disposal of subsidiaries	36	16,495	2,662
Gain on remeasurement of an investment in an associate to fair value		8,556	–
Dividend income		33,599	25,519
Interest income		7,974	1,530
Others		2,568	7,190
		369,565	254,305

Notes to the Consolidated Financial Statements

31 December 2019

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

(a) Employee benefit expense

	2019 USD'000	2018 USD'000
Wages and salaries (including directors' and chief executive's remuneration)	84,123	52,412
Equity-settled share option expense (note 42)	18,469	23,157
Pension scheme contributions	5,530	3,890
	108,122	79,459

(b) Other items

	Notes	2019 USD'000	2018 USD'000
Construction cost*		68,167	39,645
Other tax expenses		6,725	8,884
Professional service fee		37,560	19,799
Auditor's remuneration:			
– audit services		4,903	1,498
– non-audit services		1,383	1,144
Exchange losses		1,111	869
Entertainment fee		2,367	2,052
Depreciation of property, plant and equipment	13	4,660	1,812
Amortisation of other intangible assets	21	6,867	5,089
Depreciation of right-of-use assets	14	4,836	3,325
Fair value gains on investment properties	19	(226,083)	(172,467)
Loss on disposal of items of property, plant and equipment		703	9,697

* The construction costs for the years ended 31 December 2019 and 2018 are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

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7. FINANCE COSTS

	2019 USD'000	2018 USD'000
Interest expense on bank loans	85,244	39,603
Interest expense on other borrowings (note (i))	21,616	21,718
Interest expense on bonds	37,507	–
Interest expense on lease liabilities	1,897	428
Interest on redeemable convertible preference shares (note (ii))	37,865	45,610
	184,129	107,359
Less: Interest capitalised	3,761	2,430
	180,368	104,929

Notes:

(i) For the years ended 31 December 2019, interest expense on other borrowings includes interest expense for USD300 million notes issued by the Company to Hana Private Real Estate Investment Trust No. 16 and No. 17 ("Hana Notes") amounted to USD17,722,000 (2018: USD20,775,000). The Company had fully repaid Hana Notes on 6 November 2019.

(ii) For the years ended 31 December 2019, interest on redeemable convertible preference shares includes dividend on redeemable convertible preference shares amounting to USD9,932,000 (2018: USD12,960,000), and costs associated with the equity element of the Class C Preference Shares amounting to USD27,933,000 (2018: USD32,650,000). The Company had redeemed in full previously unconverted Class C Preference Shares on 6 November 2019.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 USD'000	2018 USD'000
Fees	70	–
Other emoluments:		
Consulting fee (note (i))	6,392	3,846
Salaries, allowances and benefits in kind	1,511	765
Equity-settled share option expense (note (ii))	5,333	7,599
Pension scheme contributions	15	38
	13,251	12,248
	13,321	12,248

Notes:

(i) The fees represent the consulting fee paid by the Group to Redwood Consulting (Cayman) Limited ("Redwood Consulting") and other entities that are associated with the executive directors.

(ii) These equity-settled share options are granted to Redwood Consulting and an entity associated with Mr. Jinchu Shen.

Notes to the Consolidated Financial Statements

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 42 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Mr. Brett Harold Krause, Mr. Robin Tom Holdsworth, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald and Ms. Jingsheng Liu were appointed as independent non-executive directors of the Company on 22 October 2019.

The fees paid to independent non-executive directors during the year were as follows:

	2019 USD'000
Mr Brett Harold Krause	15
Mr Robin Tom Holdsworth	12
The Right Honourable Sir Hugo George William Swire, KCMG	15
Mr Simon James McDonald	16
Ms Jingsheng Liu (劉京生)	12
	70

There were no other emoluments payable to the independent non-executive directors during the year.

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and non-executive directors

2019	Fees USD'000	Salaries, allowances and benefits in kind USD'000	Equity-settled share option expenses USD'000	Pension scheme contributions USD'000	Total USD'000
Executive directors:					
Mr Jinchu Shen (沈晉初)	–	377	–	6	383
Mr Stuart Gibson	–	567	–	–	567
Mr Charles Alexander Portes	–	567	–	9	576
	–	1,511	–	15	1,526
Entities associated with the executive directors:					
Entity associated with Mr Jinchu Shen	2,377	–	1,000	–	3,377
Redwood Consulting	4,015	–	4,333	–	8,348
	6,392	–	5,333	–	11,725
Non-executive directors:					
Mr Jeffrey David Perlman	–	–	–	–	–
Mr Joseph Raymond Gagnon	–	–	–	–	–
Mr Zhenhui Wang (王振輝)	–	–	–	–	–
Mr Ho Jeong Lee	–	–	–	–	–
Mr Hongpei Chen (note (i))	–	–	–	–	–
Mr Yijun Xu (note (i))	–	–	–	–	–
Mr Graeme Torre (note (i))	–	–	–	–	–
	–	–	–	–	–
	6,392	1,511	5,333	15	13,251

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

No compensation was paid or receivable by directors or past directors for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group during the year.

Note:

(i) As at 31 December 2019, Mr. Hongpei Chen, Mr. Yijun Xu and Mr. Graeme Torre were no longer the non-executive directors of the Group.

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31 December 2019

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

2018	Fees USD'000	Salaries, allowances and benefits in kind USD'000	Equity-settled share option expenses USD'000	Pension scheme contributions USD'000	Total USD'000
Executive directors:					
Mr Jinchu Shen (沈晉初)	–	125	–	27	152
Mr Stuart Gibson	–	320	–	–	320
Mr Charles Alexander Portes	–	320	–	11	331
	–	765	–	38	803
Entities associated with the executive directors:					
Entity associated with Mr Jinchu Shen	1,426	–	1,425	–	2,851
Redwood Consulting	2,420	–	6,174	–	8,594
	3,846	–	7,599	–	11,445
Non-executive directors:					
Mr Jeffrey David Perlman	–	–	–	–	–
Mr Joseph Raymond Gagnon	–	–	–	–	–
Mr Zhenhui Wang (王振輝) (note (i))	–	–	–	–	–
Mr Ho Jeong Lee	–	–	–	–	–
Mr Willem Albertus Hazeleger (note (ii))	–	–	–	–	–
Mr Hongpei Chen	–	–	–	–	–
Mr Yijun Xu	–	–	–	–	–
Mr Graeme Torre (note (iii))	–	–	–	–	–
	–	–	–	–	–
	3,846	765	7,599	38	12,248

No compensation was paid or receivable by directors or past directors for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group during the year.

Notes:

(i) Mr. Zhenhui Wang was appointed on 10 May 2018.

(ii) Mr. Willem Albertus Hazeleger resigned on 11 June 2018.

(iii) Mr. Graeme Torre was appointed on 11 July 2018.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 USD'000	2018 USD'000
Salaries, allowances and benefits in kind	2,294	1,601
Equity-settled share option expense	1,158	1,656
Pension scheme contributions	15	13
	3,467	3,270

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	2019	2018
HK$9,500,001 to HK$10,000,000	–	1
HK$11,500,001 to HK$12,000,000	1	–
HK$15,500,001 to HK$16,000,000	1	1
	2	2

During the year and in prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 42 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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10. INCOME TAX EXPENSE

	2019 USD'000	2018 USD'000
Current tax	40,903	13,871
Deferred tax (note 29)	41,031	43,838
	81,934	57,709

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

During the year, Hong Kong profits tax has been provided at the rate of 16.5% on the assessable profits arising in Hong Kong (2018: 16.5%).

During the year, the subsidiaries incorporated in The PRC are subject to PRC income tax at the rate of 25% (2018: 25%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2019 USD'000	2018 USD'000
Profit before tax	360,334	270,587
Tax at the statutory tax rates	84,280	66,940
Profits attributable to joint ventures	(15,012)	(7,884)
Income not subject to tax	(11,824)	(6,323)
Non-deductible expenses	3,077	2,385
Effect of withholding tax	17,727	1,372
Unrecognised deductible temporary differences	1,109	258
Adjustment of current tax of previous periods	(257)	304
Utilisation of tax losses not recognised in previous periods	(4,516)	–
Tax losses not recognised	7,345	657
Others	5	–
Tax charge	81,934	57,709

During the year, the share of tax attributable to joint ventures of USD15,012,000 (2018: USD7,884,000), is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss and other comprehensive income.

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11. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2018: nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares of 2,750,966,000 (2018: 2,566,494,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the preference shares where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2019 USD'000	2018 USD'000
Earnings:		
Profit attributable to ordinary shareholders of the Company, used in the basic earnings per share calculation	245,177	203,042

	2019 '000	2018 '000
Number of shares:		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	2,750,966	2,566,494
Effect of dilution — weighted average number of ordinary shares		
Derivative financial instruments	–	2,847
Share options	70,831	78,944
	2,821,797	2,648,285

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13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles USD'000	Machinery USD'000	Leasehold improvements USD'000	Others USD'000	Total USD'000
31 December 2019					
At 31 December 2018 and at 1 January 2019:					
Cost	670	17,802	3,376	5,189	27,037
Accumulated depreciation	(385)	(1,290)	(1,293)	(3,008)	(5,976)
Net carrying amount	285	16,512	2,083	2,181	21,061
At 1 January 2019, net of accumulated depreciation	285	16,512	2,083	2,181	21,061
Additions	248	11,665	737	2,700	15,350
Acquisition of subsidiaries (note 34)	54	–	166	182	402
Disposals	(18)	(611)	(22)	(15)	(666)
Disposal of subsidiaries (note 36)	–	–	–	(2)	(2)
Depreciation provided during the year	(193)	(1,069)	(1,606)	(1,792)	(4,660)
Reclassification to asset held for sale	–	–	–	(2)	(2)
Exchange realignment	(9)	49	(29)	(13)	(2)
At 31 December 2019, net of accumulated depreciation	367	26,546	1,329	3,239	31,481
At 31 December 2019:					
Cost	935	28,857	4,176	7,963	41,931
Accumulated depreciation	(568)	(2,311)	(2,847)	(4,724)	(10,450)
Net carrying amount	367	26,546	1,329	3,239	31,481

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor vehicles USD'000	Machinery USD'000	Leasehold improvements USD'000	Others USD'000	Construction in process USD'000	Total USD'000
31 December 2018						
At 1 January 2018:						
Cost	235	6,736	1,585	2,992	8,418	19,966
Accumulated depreciation	(163)	(341)	(877)	(1,225)	–	(2,606)
Net carrying amount	72	6,395	708	1,767	8,418	17,360
At 1 January 2018, net of accumulated depreciation	72	6,395	708	1,767	8,418	17,360
Additions	29	–	293	628	12,279	13,229
Acquisition of subsidiaries	268	–	1,446	367	–	2,081
Disposals	(13)	(9,632)	–	(52)	–	(9,697)
Depreciation provided during the year	(57)	(948)	(293)	(514)	–	(1,812)
Transfer from construction in progress	–	20,697	–	–	(20,697)	–
Exchange realignment	(14)	–	(71)	(15)	–	(100)
At 31 December 2018, net of accumulated depreciation	285	16,512	2,083	2,181	–	21,061
At 31 December 2018:						
Cost	670	17,802	3,376	5,189	–	27,037
Accumulated depreciation	(385)	(1,290)	(1,293)	(3,008)	–	(5,976)
Net carrying amount	285	16,512	2,083	2,181	–	21,061

At 31 December 2019, certain of the Group's property, plant and equipment with a carrying amount of USD26,546,000 (2018: USD16,512,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 26.

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14. RIGHT-OF-USE ASSETS

	Office premise USD'000	Equipment USD'000	Total USD'000
31 December 2019			
At 31 December 2018 and at 1 January 2019:			
Cost	12,406	3,091	15,497
Accumulated depreciation	(6,245)	(162)	(6,407)
Net carrying amount	6,161	2,929	9,090
At 1 January 2019, net of accumulated depreciation	6,161	2,929	9,090
Additions	5,099	206	5,305
Acquisition of subsidiaries (note 34)	2,379	–	2,379
Depreciation provided during the year	(4,672)	(164)	(4,836)
Exchange realignment	(124)	17	(107)
At 31 December 2019, net of accumulated depreciation	8,843	2,988	11,831
At 31 December 2019:			
Cost	18,715	3,314	22,029
Accumulated depreciation	(9,872)	(326)	(10,198)
Net carrying amount	8,843	2,988	11,831

	Office premise USD'000	Equipment USD'000	Total USD'000
31 December 2018			
At 1 January 2018:			
Cost	9,776	865	10,641
Accumulated depreciation	(3,124)	(35)	(3,159)
Net carrying amount	6,652	830	7,482
At 1 January 2018, net of accumulated depreciation	6,652	830	7,482
Additions	1,357	2,202	3,559
Acquisition of subsidiaries	1,553	–	1,553
Depreciation provided during the year	(3,199)	(126)	(3,325)
Exchange realignment	(202)	23	(179)
At 31 December 2018, net of accumulated depreciation	6,161	2,929	9,090
At 31 December 2018:			
Cost	12,406	3,091	15,497
Accumulated depreciation	(6,245)	(162)	(6,407)
Net carrying amount	6,161	2,929	9,090

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15. INVESTMENTS IN JOINT VENTURES

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Share of net assets	697,994	404,697
Goodwill on retaining interests in joint ventures	2	2
	697,996	404,699

Particulars of the Group's material joint ventures are as follows:

			Percentage of			
Name	Registered share capital	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activities
E-Shang Star Cayman Limited ("E-Shang Star")	USD5,038,674	Cayman Islands	25.62%	33.33%	25.62%	Investment holding
Sunwood Star Pte. Ltd. ("Sunwood Star")	USD787,191,715	Singapore	20.00%	33.33%	20.00%	Investment holding

Note:

Unanimous agreements with the two joint venture investors are required for E-Shang Star and Sunwood Star, respectively.

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15. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of E-Shang Star adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2019 USD'000	2018 USD'000
Cash and bank balances	115,117	124,443
Other current assets	43,527	38,637
Current assets	158,644	163,080
Non-current assets	1,480,296	1,273,423
Financial liabilities, excluding trade and other payables	(90,013)	(3,369)
Other current liabilities	(372)	(111,811)
Current liabilities	(90,385)	(115,180)
Non-current financial liabilities, excluding trade and other payables	(357,497)	(304,694)
Other non-current liabilities	(174,610)	(157,230)
Non-current liabilities	(532,107)	(461,924)
Net assets	1,016,448	859,399
Proportion of the Group's ownership	25.62%	25.62%
Carrying amount of the investment	248,563	220,178
Revenue	63,868	51,462
Interest income	384	1,649
Depreciation and amortisation	(25)	(15)
Interest expenses	(20,621)	(17,601)
Tax	(30,318)	(33,418)
Profit for the year	80,492	89,071
Total comprehensive income for the year	43,698	44,014

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15. INVESTMENTS IN JOINT VENTURES (continued)

The following table illustrates the summarised financial information in respect of Sunwood Star adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2019 USD'000	2018 USD'000
Cash and bank balances	30,986	12,963
Other current assets	177,900	95,067
Current assets	208,886	108,030
Non-current assets	1,719,620	1,225,541
Financial liabilities, excluding trade and other payables	(21,556)	(684)
Other current liabilities	(3,361)	(20,164)
Current liabilities	(24,917)	(20,848)
Non-current financial liabilities, excluding trade and other payables	(375,015)	(335,506)
Other non-current liabilities	(140,242)	(93,100)
Non-current liabilities	(515,257)	(428,606)
Net assets	1,388,332	884,117
Proportion of the Group's ownership	20.00%	20.00%
Carrying amount of the investment	277,020	176,823
Revenue	36,685	–
Interest income	6,263	(1)
Interest expenses	(12,814)	(6,086)
Tax	(56,411)	(46,157)
Profit for the year	295,759	225,629
Total comprehensive income for the year	263,109	204,205

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2019 USD'000	2018 USD'000
Share of the joint ventures' profit for the year	14,064	–
Share of the joint ventures' total comprehensive (loss)/income for the year	(2,641)	2,363
Aggregate carrying amount of the Group's investments in the joint ventures	172,413	7,696

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16. INVESTMENT IN AN ASSOCIATE

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Share of net assets	–	6,941
Goodwill on acquisition	–	2,393
	–	9,334

Particulars of the Group's associate are as follows:

Name	Particulars of issued shares held	Place of incorporation and business	Effective percentage of ownership interest attributable to the Group	Principal activity
Sabana Investment Partners Pte. Ltd.	Ordinary shares	Singapore	42.8%	Investment holding

Note:

On 28 June 2019, the Group has, through its wholly-owned subsidiary Infinitysub Pte. Ltd., completed the acquisition of 51% interest in Sabana Investment Partners Pte. Ltd. ("SIP") from Vibrant Group Limited (Vibrant). The Group previously has 42.8% interest in SIP. After the acquisition, the Group accounts for its 93.8% interest in SIP as an investment in subsidiary (Note 34).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Unquoted equity interests, at fair value[i]	589,417	335,771

Note:

(i) The fair value of these investments is estimated based on the Group's share of the net asset value of the investment funds and associates.

In accordance with the exemption in IAS 28 Investments in associates, the Group does not account for its investments in associates and joint venture using equity method if the Group acts as investment fund managers. Instead, the Group has elected to measure its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for associates and a joint venture.

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Particulars of the material associates and a joint venture are summarised below:

Name of associates and joint venture	Principal activity	Country of incorporation/ registration	Effective ownership interest As at 31 December 2019 %	2018 %
Redwood Fujiidera Pte. Ltd.	Investment holding	Singapore	33.18	33.18
RW Midori-Ku Pte. Ltd.	Investment holding	Singapore	40.00	40.00
RW Noda Pte. Ltd.	Investment holding	Singapore	40.00	40.00
RW Chigasaki Pte. Ltd.	Investment holding	Singapore	20.10	20.10
Redwood Kawasaki Pte. Ltd.	Investment holding	Singapore	20.10	20.10
RW Moriya Pte. Ltd.	Investment holding	Singapore	20.10	20.10
ESR Japan Core Fund Limited Partnership	Investment holding	Singapore	29.10	29.10
ESR India Logistics Fund Pte. Ltd.[ii]	Investment holding	Singapore	100	100
Jiangsu Yitian Warehousing Service Co., Ltd.	Warehousing business	The PRC	16.25	16.25
Taicang Mingzhan Logistics Company Limited	Warehousing business	The PRC	16.25	16.25
Shanghai Fengyuan Logistic Co., Ltd.	Warehousing business	The PRC	16.25	16.25

Note:

(ii) The group are in the process of issuing 50% of the shares in the India Fund to joint venture partner.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Listed equity investments, at market value	542,925	484,239

Listed equity investments at fair value represent the Group's investments in publicly listed companies, which are quoted in an active market.

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18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

During the year, the gain in respect of the Group's listed equity investments recognised in other comprehensive income amounted to USD63,371,000 (2018: USD8,544,000).

During the year, the dividend income in respect of the Group's listed equity investments recognised in other comprehensive income amounted to USD19,351,000 (2018: USD21,390,000).

The listed equity investments comprise:

Listed on	Fair value as at 31 December 2019 USD'000
Australian Securities Exchange ("ASX")	
• Investment A	99,931
Hong Kong Exchanges and Clearing Limited ("HKEX")	
• Investment B	172,433
Singapore Exchange Securities Trading Limited ("SGX")	
• Investment C	119,866
• Investment D	74,870
• Investment E	75,825

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Listed equity investments at market value with a fair value of USD205,505,000 as at 31 December 2019 (2018: USD122,176,000) had been pledged to secure bank and other borrowings granted to the Group (note 26).

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19. INVESTMENT PROPERTIES

	Completed investment properties USD'000	Investment properties under construction USD'000	Total USD'000
At 1 January 2018	1,010,682	178,521	1,189,203
Additions	4,287	94,897	99,184
Acquisition of subsidiaries	467,959	25,699	493,658
Changes in fair values of investment properties	109,688	62,779	172,467
Transfer from investment properties under construction to completed investment properties	45,801	(45,801)	–
Disposal of subsidiaries	(514)	–	(514)
Exchange realignment	(54,844)	(13,652)	(68,496)
At 31 December 2018 and 1 January 2019	1,583,059	302,443	1,885,502
Additions	56,555	472,869	529,424
Acquisition of subsidiaries (note 34)	767,380	7,155	774,535
Changes in fair values of investment properties	68,568	157,515	226,083
Transfer from investment properties under construction to completed investment properties	101,598	(101,598)	–
Transfer from completed investment properties to investment properties under construction for redevelopment	(392,285)	392,285	–
Reclassification to asset held for sale (note 32)	(83,519)	–	(83,519)
Disposal of subsidiaries (note 36)	(276,711)	–	(276,711)
Disposal	(231,110)	–	(231,110)
Exchange realignment	(34,783)	(3,495)	(38,278)
At 31 December 2019	1,558,752	1,227,174	2,785,926

(a) All completed investment properties and investment properties under construction of the Group were revalued at 31 December 2019 based on valuation performed by independent professionally qualified valuers, Beijing Colliers International Real Estate Valuation Co., Ltd., CBRE Valuation Pty Limited, Jones Lang LaSalle Advisory Services Pty Ltd. and Cushman & Wakefield K.K. at fair value. They are industry specialists in investment property valuation.

In determining fair value, a combination of approaches and methods were used, including the Direct Comparison Method and Discounted Cash Flow Method. The Direct Comparison Method is applied based on the market prices of comparable properties. Comparable properties with similar sizes, characters and locations were analyzed, and weighted against all respective advantages and disadvantages to arrive at the fair value of the property. The Discounted Cash Flow Method measures the value of a property by the present worth of the net economic benefit to be received over the life of the asset.

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19. INVESTMENT PROPERTIES (continued)

(b) Completed investment properties leased out under operating leases

The Group leases out completed investment properties under operating lease arrangements. All leases run for a period of one to ten years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from completed investment properties are as follows:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Within one year	103,453	82,472
After one year but within two years	89,430	72,997
After two years but within three years	68,636	53,194
After three years but within four years	43,894	49,534
After four years but within five years	27,326	32,109
After five years	59,130	18,667
	391,869	308,973

(c) Certain of the Group's completed investment properties and investment properties under construction with a fair value of USD1,899,602,000 (2018: USD1,591,741,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 26.

(d) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Significant observable inputs (Level 2)	233,089	20,202
Significant unobservable inputs (Level 3)	2,552,837	1,865,300
	2,785,926	1,885,502

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 (2018: nil).

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19. INVESTMENT PROPERTIES (continued)

(d) Fair value hierarchy (continued)

The movement in fair value measurements within Level 3 during the years ended 31 December 2019 and 2018 are as follows:

	2019 USD'000	2018 USD'000
At 1 January	1,865,300	1,052,997
Additions	333,437	51,888
Acquisition of subsidiaries	774,535	493,658
Changes in fair value of investment properties	192,178	151,271
Transfer from Level 2 to Level 3	20,202	176,952
Reclassification to asset held for sale	(83,519)	–
Disposal of subsidiaries	(276,711)	(514)
Disposal	(231,110)	–
Exchange realignment	(41,475)	(60,952)
	2,552,837	1,865,300

The valuation of investment properties categorised within Level 2 of the fair value hierarchy are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

Below is a summary of the valuation techniques used and the key unobservable inputs to the valuation of investment properties categorised within Level 3 of the fair value hierarchy:

Investment property details	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warehouse properties	Income capitalisation	**Capitalisation rate:** The PRC: 5.25% to 6.50% (2018: 6.15% to 7.10%) Japan: 4.20% to 4.50% (2018: 4.10% to 5.00%) Australia: 5.25% to 7.75% (2018: Nil)	The estimated fair value varies inversely against the capitalisation rate
	Discounted cash flow	**Discount rate:** The PRC: 8.5% to 9.0% (2018: 8.5% to 9.0%) Japan: 3.90% to 4.50% (2018: 4.00%) Australia: 5.75% to 8.00% (2018: Nil)	The estimated fair value varies inversely against the discount rate
		Terminal capitalisation rate: The PRC: 5.25% to 6.50% (2018: 6.15% to 7.10%) Japan: 4.20% to 4.50% (2018: 4.10% to 5.00% Australia: 5.25% to 7.75% (2018: Nil)	The estimated fair value varies inversely against the terminal capitalisation rate

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20. GOODWILL

	USD'000
At 1 January 2018	
Cost	226,232
Accumulated impairment	–
Net carrying amount	226,232
Cost at 1 January 2018, net of accumulated impairment	226,232
Acquisition of subsidiaries	59,150
At 31 December 2018	285,382
At 31 December 2018	
Cost	285,382
Accumulated impairment	–
Net carrying amount	285,382
Cost at 1 January 2019, net of accumulated impairment	285,382
Acquisition of subsidiaries (note 34)	54,861
At 31 December 2019	340,243
At 31 December 2019	
Cost	340,243
Accumulated impairment	–
Net carrying amount	340,243

Impairment testing of goodwill

As of 31 December 2018, goodwill acquired through business combinations is allocated to Redwood asset management business cash-generating unit, Infinitysub asset management business cash-generating unit, CIP business cash-generating unit and VITM business cash-generating unit for impairment testing.

In 2019, the Group completed the consolidation of Infinitysub (manager of ESR-REIT) asset management business and VITM asset management business pursuant to the merger of ESR-REIT and VIT ("VIT Merger") in October 2018. Consequently, as of 31 December 2019, the original Infinitysub asset management business cash-generating unit and VITM business cash-generating unit have been consolidated as a single cash-generating unit namely Infinitysub asset management business.

Following to acquisition of PLG Group as subsidiary of the Group in March 2019, CIP business and PLG Group are now sharing the same management and consolidated as a single cash-generating unit namely ESR Australia asset management business. The cash flow projections is derived based on financial budgets after taking into account the consolidated cash-generating unit.

As of 31 December 2019, the Group's goodwill impairment testing is allocated to Redwood asset management business cash-generating unit, Infinitysub asset management business cash-generating unit, ESR Australia asset management business cash-generating unit and SIP asset management business.

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20. GOODWILL (continued)

Impairment testing of goodwill (continued)

Redwood asset management business cash-generating unit

The recoverable amount of the Redwood assets management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.3%. The growth rate used to extrapolate the cash flow of the Redwood asset management beyond the five-year period is 3%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Infinitysub asset management business cash-generating unit

The recoverable amount of Infinitysub asset management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10%. The growth rate used to extrapolate the cash flow of the Infinitysub business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

ESR Australia asset management business cash-generating unit

The recoverable amount of ESR Australia asset management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.0%. The growth rate used to extrapolate the cash flow of the ESR Australia asset management business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

SIP asset management business cash-generating unit

The recoverable amount of SIP asset management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10%. The growth rate used to extrapolate the cash flow of the SIP business cash-generating unit beyond the five-year period is 2%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

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20. GOODWILL (continued)

Impairment testing of goodwill (continued)

With regard to the assessment of the values in use of the cash-generating units, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values including goodwill, of the cash-generating units to materially exceed the recoverable amounts.

The carrying amounts of goodwill allocated to each cash-generating units of business are as follows:

Asset management business	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Redwood	210,480	210,480
CIP	N/A	40,532
VITM	N/A	18,618
Infinitysub	34,370	15,752
ESR Australia	81,823	N/A
SIP	13,570	N/A
Total	340,243	285,382

Assumptions were used in the value in use calculation of the Group's cash-generating unit for 31 December 2019 and 2018. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross fee income — The basis used to determine the value assigned to the budgeted gross fee income is the average fee income achieved in the year immediately before the budget year, increased for expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

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21. OTHER INTANGIBLE ASSETS

	Software USD'000	Management contracts USD'000	Trust management rights with indefinite useful life USD'000 (note (i))	Customer contracts USD'000	Others USD'000	Total USD'000
31 December 2019						
Cost at 1 January 2019, net of accumulated amortisation	847	16,731	58,769	3,146	–	79,493
Additions	235	–	–	–	683	918
Acquisition of subsidiaries (note 34)	–	4,039	15,364	–	–	19,403
Amortisation provided during the year	(423)	(4,790)	–	(1,654)	–	(6,867)
Exchange realignment	(5)	(94)	172	(59)	(3)	11
At 31 December 2019	654	15,886	74,305	1,433	680	92,958
At 31 December 2019:						
Cost	1,507	32,720	74,305	4,028	680	113,240
Accumulated amortisation	(853)	(16,834)	–	(2,595)	–	(20,282)
Net carrying amount	654	15,886	74,305	1,433	680	92,958

	Software USD'000	Management contracts USD'000	Trust management rights with indefinite useful life USD'000 (notes (ii),(iii))	Customer contracts USD'000	Total USD'000
31 December 2018					
At 31 December 2018:					
Cost	791	28,681	26,725	–	56,197
Accumulated amortisation	(163)	(7,853)	–	–	(8,016)
Net carrying amount	628	20,828	26,725	–	48,181
Cost at 1 January 2018, net of accumulated amortisation	628	20,828	26,725	–	48,181
Additions	499	–	–	–	499
Acquisition of subsidiaries	–	–	31,670	6,075	37,745
Disposal	–	–	–	(2,047)	(2,047)
Amortisation provided during the year	(266)	(4,097)	–	(726)	(5,089)
Exchange realignment	(14)	–	374	(156)	204
At 31 December 2018	847	16,731	58,769	3,146	79,493
At 31 December 2018 and at 1 January 2019:					
Cost	1,261	28,681	58,769	4,028	92,739
Accumulated amortisation	(414)	(11,950)	–	(882)	(13,246)
Net carrying amount	847	16,731	58,769	3,146	79,493

21. OTHER INTANGIBLE ASSETS (continued)

Notes:

(i) In June 2019, the Group has acquired SIP, an asset management company providing trust management services in Singapore. The trust management services are expected to continuously contribute to the net cash inflow of the Group.

Impairment testing of other intangible assets — trust management rights

The Group's trust management rights have indefinite useful lives and are allocated to the Group's SIP asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of SIP asset management business cash-generating unit are given in note 20.

(ii) In January 2017, the Group has acquired Infinitysub Pte. Ltd. ("Infinitysub"), an asset management company providing trust management and property management service in Singapore. The trust management is expected to continuously contribute to the net cash inflow of the Group.

Impairment testing of other intangible assets — trust management rights

The Group's trust management rights have indefinite useful lives and are allocated to the Group's Infinitysub asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of Infinitysub asset management business cash-generating unit are given in note 20.

(iii) In October 2018, the Group has acquired Viva Industrial Trust Management Pte. Ltd. ("VITM"), an asset management company providing trust management services in Singapore. The trust management services are expected to continuously contribute to the net cash inflow of the Group.

Impairment testing of other intangible assets – trust management rights

The Group's trust management rights have indefinite useful lives and are allocated to the Group's VITM asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of VITM asset management business cash-generating unit are given in note 20.

22. OTHER NON-CURRENT ASSETS

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Prepayments for acquiring land use rights	23,233	23,883
Rental income receivables	3,402	5,376
Due from other related parties	3,555	1,975
Rental deposits	1,631	1,468
Investment in Compulsorily Convertible Debenture (note(i))	6,036	–
Others	1,954	1,659
	39,811	34,361

Note:

(i) The Group subscribed to the Compulsorily Convertible Debentures ("CCD") issued by the Group's joint ventures. The CCD shall be fully convertible into equity shares at or any time before completion of 19 years and 364 days from the allotment date of the CCD. The conversion ratio of the CCD into equity shares would be 1:1 (i.e. one equity shares for each CCD allotted). The fair value measurement for the CCD has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 47).

The balances due from other related parties are non-trade in nature and non-interest-bearing.

As at 31 December 2019 and 2018, other non-current assets of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for deposits was immaterial under the 12-month expected credit loss method.

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23. TRADE RECEIVABLES

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Rental income receivables	4,303	4,889
Management fees due from the joint ventures of the Group	12,338	16,058
Management fees due from funds managed by the Group	65,686	34,309
Management fees due from minority shareholders of subsidiaries	383	–
Construction income receivables	5,837	7,481
Solar energy income receivables	350	320
	88,897	63,057

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at 31 December 2019 and 2018, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Within 90 days	81,069	36,292
91 to 180 days	4,324	23,015
Over 180 days	3,504	3,750
Total	88,897	63,057

The Group has applied the simplified approach to providing impairment for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs below also incorporate forward-looking information. The impairment as of 31 December 2019 and 2018 is determined as follows:

	31 December 2019 Current USD'000	31 December 2018 Current USD'000
Expected credit loss rate	< 0.001%	< 0.001%
Gross carrying amount (USD'000)	88,897	63,057
Impairment (USD'000)	–	–

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24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Deposits for acquisition	11,678	19,917
Due from related parties	22,827	15,911
Receivable from funds	20,162	99,212
Prepayments on behalf of funds	2,733	46,938
Prepayments to suppliers	8,809	4,355
Dividend receivable	3,292	4,362
Contract assets	4,185	5,048
Deductible value added tax	28,819	4,849
Insurance compensation receivable	–	8,617
Other investment at fair value	1,494	–
Receivable from disposal of an investment property	13,438	–
Other receivable	11,585	15,464
	129,022	224,673

The amounts due from related parties are unsecured, interest-free and payable on demand.

The financial assets included in the above balances related to receivables for which there was no recent history of default.

As at 31 December 2019 and 2018, other receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for other receivables was immaterial under the 12-month expected credit loss method.

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25. CASH AND BANK BALANCES

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Cash and bank balances	816,487	502,056
Non-pledged fixed time deposits with maturity period over three months	881	15,318
Restricted bank balances	21,038	19,294
Pledged bank deposits (note 26)	45,800	44,711
	884,206	581,379

The Renminbi ("RMB") is not freely convertible into other currencies, however, under The PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

As at 31 December 2019, the fixed deposit of USD881,000 (2018: USD15,318,000) had a maturity period of over 180 days. The balance was principal-protected and carried the rate of return of 1.56% (2018: ranging from 2.00% to 3.70%) per annum.

All pledged bank deposits at 31 December 2019 was denominated in RMB (2018: RMB). Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions. The pledged bank deposits represent the amounts pledged to secure bank and other borrowings granted to the Group (note 26).

As at 31 December 2019 and 2018, cash and bank balances and deposits of the Group and the Company were considered to be of low credit risk and thus the Group has assessed that the ECL for cash and bank balances was immaterial under the 12-month expected credit loss method.

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26. BANK AND OTHER BORROWINGS

Group

	31 December 2019			31 December 2018		
	Effective interest rate (%)	Maturity	USD'000	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans — secured	0.20-5.88	2020	37,631	0.60-6.88	2019	138,953
Bank loans — unsecured	3.60	2020	148,998			–
Other borrowings — secured			–	7.60	2019	297,241
Other borrowings — unsecured	12.00	2020	45,580			–
			232,209			436,194
Non-current						
Bank loans — secured	0.20-6.77	2021-2036	1,538,128	0.60-6.88	2020-2035	1,005,259
Bank loans — unsecured	4.80	2022	99,053			–
Other borrowings — secured	9.00	2023	18,548	6.00	2020-2023	19,020
Other borrowings — unsecured	10.00	2024	5,607			–
Bonds — unsecured	6.75-7.875	2022	677,372			–
			2,338,708			1,024,279
			2,570,917			1,460,473

Debt maturity profile of bank and other borrowings:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Bank loans repayable		
Within one year	186,629	138,953
In the second year	691,754	99,735
In the third to fifth year, inclusive	796,396	703,580
Beyond five years	149,031	201,944
	1,823,810	1,144,212
Bonds and other borrowings repayable		
Within one year	45,580	297,241
In the second year	–	–
In the third to fifth year, inclusive	701,527	18,902
Beyond five years	–	118
	747,107	316,261
	2,570,917	1,460,473

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26. BANK AND OTHER BORROWINGS (continued)

Company

	31 December 2019			31 December 2018		
	Effective interest rate (%)	Maturity	USD'000	Effective interest rate (%)	Maturity	USD'000
Current						
Bank loans — secured	2.70	2020	1,000	4.10	2019	42,450
Bank loans — unsecured	3.60	2020	148,998			–
Other borrowings — secured			–	7.60	2019	297,241
			149,998			339,691
Non-current						
Bank loans — secured	2.70	2022	41,450			–
Bank loans — unsecured	4.80	2022	99,053			–
Bonds — unsecured	6.75-7.875	2022	677,372			–
			817,875			–
			967,873			339,691

Debt maturity profile of bank and other borrowings:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Bank loans repayable		
Within one year	149,998	42,450
In the second year	1,000	–
In the third to fifth year, inclusive	139,503	–
Beyond five years	–	–
	290,501	42,450
Bonds and other borrowings repayable		
Within one year	–	297,241
In the second year	–	–
In the third to fifth year, inclusive	677,372	–
Beyond five years	–	–
	677,372	297,241
	967,873	339,691

Notes:

(a) As at 31 December 2019, certain of the Group's completed investment properties and investment properties under construction in total fair value of USD1,899,602,000 (2018: USD1,591,741,000) (note 19(c)), property, plant and equipment with a carry amount of USD26,546,000 (2018: USD16,512,000) (note 13), pledged bank deposits with an amount of USD45,800,000 (2018: USD44,711,000)(note 25), listed equity interests at market value with a fair value of USD205,505,000 (2018: USD122,176,000)(note 18), and equity interests in the Company and certain subsidiaries were pledged to secure bank and other borrowings granted to the Group.

(b) In February 2019, the Group issued SGD350,000,000 fixed rate notes of bearing interest at 6.75% per annum which will be due in February 2022. In April 2019, the Group issued USD425,000,000 fixed rate notes of bearing interest at 7.875% per annum which will be due April 2022 under the Group's USD2.0 billion Multicurrency Debt Issuance Programme.

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27. LEASE LIABILITIES

	31 December 2019			31 December 2018		
	Effective interest rate(%)	Maturity	USD'000	Effective interest rate(%)	Maturity	USD'000
Current lease liabilities	1-16	2020	5,670	1-13.25	2019	3,374
Non-current lease liabilities	1-16	2021-2055	17,486	1-13.25	2020-2038	6,311
			23,156			9,685

28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Trade payables	12,837	5,207
Payables for purchase of property, plant and equipment and investment properties	70,729	15,833
Rental income received in advance	4,234	1,222
Accruals	44,299	37,168
Interest payable	29,297	7,817
Staff payroll and welfare payables	20,904	15,375
Other tax payable	5,145	3,044
Due to related parties	467	2,633
Due to non-controlling shareholders of subsidiaries	5,774	–
Payable to a fund	491	16,789
Others	17,232	6,655
	211,409	111,743

An aging analysis of the trade payables as at 31 December 2019 and 2018, based on the invoice date, is as follows:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Within 30 days	1,319	4,283
30 to 60 days	8,174	881
Over 60 days	3,344	43
Total	12,837	5,207

The amounts due to related parties are non-trade in nature, unsecured, interest-free and payable on demand.

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29. DEFERRED TAX

The movements in deferred tax assets during the years ended 31 December 2019 and 2018 are as follows:

	Losses available for offsetting against future taxable profits	Employee benefit payable	Accrued expenses	Others	Total
			2019		
	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2019	12,012	–	691	856	13,559
Acquisition of subsidiaries (note 34)	4,731	31	56	38	4,856
Deferred tax credited/(charged) to the profit or loss during the year	5,412	855	(282)	525	6,510
Disposal of subsidiaries (note 36)	(1,010)	–	–	(136)	(1,146)
Exchange realignment	(1,723)	1,071	362	65	(225)
Deferred tax assets at 31 December 2019	19,422	1,957	827	1,348	23,554
			2018		
At 1 January 2018	7,279	788	1,414	872	10,353
Deferred tax credited/(charged) to the profit or loss during the year	4,226	(778)	(677)	29	2,800
Acquisition of subsidiaries	1,037	–	–	–	1,037
Exchange realignment	(530)	(10)	(46)	(45)	(631)
Deferred tax assets at 31 December 2018	12,012	–	691	856	13,559

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29. DEFERRED TAX (continued)

The movements in deferred tax liabilities during the years ended 31 December 2019 and 2018 are as follows:

	2019					
	Fair value adjustments of investment properties USD'000	**Gain on fair value change of financial assets at fair value through profit or loss USD'000**	**Fair value adjustments arising from acquisition of subsidiaries USD'000**	**Unbilled revenue USD'000**	**Others USD'000**	**Total USD'000**
At 1 January 2019	164,768	5,590	20,821	770	–	191,949
Deferred tax charged/(credited) to the profit or loss during the year	44,476	2,310	(1,229)	572	1,412	47,541
Acquisition of subsidiaries (note 34)	–	–	2,619	–	–	2,619
Disposal of subsidiaries (note 36)	(28,085)	–	–	(430)	–	(28,515)
Reclassification to liabilities held for sale	(286)	–	–	–	–	(286)
Exchange realignment	(2,520)	147	18	158	175	(2,022)
Deferred tax liabilities at 31 December 2019	178,353	8,047	22,229	1,070	1,587	211,286

	2018				
	Fair value adjustments of investment properties USD'000	**Gain on fair value change of financial assets at fair value through profit or loss USD'000**	**Fair value adjustments arising from acquisition of subsidiaries USD'000**	**Unbilled revenue USD'000**	**Total USD'000**
At 1 January 2018	123,231	5,654	8,455	1,107	138,447
Deferred tax charged/(credited) to the profit or loss during the year	49,530	227	(2,827)	(292)	46,638
Acquisition of subsidiaries	–	–	15,734	–	15,734
Exchange realignment	(7,993)	(291)	(541)	(45)	(8,870)
Deferred tax liabilities at 31 December 2018	164,768	5,590	20,821	770	191,949

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29. DEFERRED TAX (continued)

In accordance with PRC laws and regulations, tax losses could be carried forward for five years to offset against future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group had unused tax losses available for offsetting against future profits in respect of certain subsidiaries of USD20,971,000 as at 31 December 2019 (2018: USD13,626,000), and the deferred tax assets have not been recognised.

No deferred tax assets have been recognised in respect of these losses due to the unpredictability of future available taxable profit of the subsidiaries to offset against the unused tax losses. The available period of the unused tax losses will expire in one to five years for offsetting against future taxable profits.

Pursuant to PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in PRC. The requirement becomes effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in PRC in respect of earnings generated from 1 January 2008.

At 31 December 2019, no deferred tax (2018: nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in PRC and Group's investment in joint ventures. In the opinion of the directors, it is not probable that these subsidiaries and investments in joint ventures will distribute such earnings in the foreseeable future.

The aggregate amounts of temporary differences associated with investments in subsidiaries in PRC for which deferred tax liabilities have not been recognised totaled approximately USD11,758,000 at 31 December 2019 (2018: USD3,766,000).

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30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of USD5,305,000 and USD5,185,000 (2018: USD3,559,000 and USD3,440,000).

(b) Changes in liabilities arising from financing activities

	Bank and other loans USD'000	Liability component of the redeemable convertible preference shares USD'000	Interest payable USD'000	Other payable – due to related parties USD'000	Lease liabilities USD'000
At 1 January 2019	1,460,473	296,778	7,817	2,633	9,685
Changes from financing cash flows	862,662	(267,010)	(122,887)	(2,166)	(6,478)
Changes in investing cash flows — additions to investment properties	–	–	(3,761)	–	–
Reclassification to liabilities held for sale	(14,672)	–	–	–	–
Foreign exchange movements	(3,472)	–	–	–	(389)
Interest expense	–	37,865	144,367	-	1,897
Capitalised interest expense	–	–	3,761	–	–
Conversion of redeemable convertible preference shares	–	(67,633)	–	–	–
Addition	–	–	–	–	5,541
Acquisition of subsidiaries	350,241	–	–	–	12,900
Disposal of subsidiaries	(84,315)	–	–	–	–
At 31 December 2019	2,570,917	–	29,297	467	23,156
At 1 January 2018	833,435	264,199	3,624	731	7,959
Changes from financing cash flows	389,312	(13,031)	(54,615)	1,197	(3,616)
Changes in investing cash flows — additions to investment properties	–	–	(2,430)	–	–
Foreign exchange movements	(23,118)	–	(83)	705	(198)
Interest expense	–	45,610	58,891	–	428
Capitalised interest expense	–	–	2,430	–	
Addition	–	–	–	–	3,559
Acquisition of subsidiaries	260,844	–	–	–	1,553
At 31 December 2018	1,460,473	296,778	7,817	2,633	9,685

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31. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

The redeemable convertible preference shares have a par value of USD0.001 per share, and carried a coupon rate of 4.5% per annum. The holders are entitled to convert the redeemable convertible preference shares into the Company's ordinary shares based on conversion ratio of 1:1 under certain circumstances.

In September 2019, the Company redeemed 112,865,513 redeemable convertible preference shares and issued 32,714,642 ordinary shares upon conversion of redeemable convertible preference shares.

In November 2019, the Company redeemed 73,607,943 redeemable convertible preference shares and issued 16,357,320 ordinary shares upon conversion of redeemable convertible preference shares.

The preference shares have been split into the liability and equity components as follows:

	Liabilities component USD'000	Equity component USD'000	Total USD'000
At 1 January 2018	264,199	37,132	301,331
Interest accretion of the liability component	45,610	–	45,610
Interest paid	(13,031)	–	(13,031)
At 31 December 2018 and 1 January 2019	296,778	37,132	333,910
Conversion of redeemable convertible preference shares	(67,633)	(7,914)	(75,547)
Redemption of redeemable convertible preference shares	(228,000)	(29,218)	(257,218)
Interest accretion of the liability component	37,865	–	37,865
Interest paid	(39,010)	–	(39,010)
At 31 December 2019	–	–	–

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32. DISPOSAL GROUP HELD FOR SALE

In October 2019, the Group, through its wholly-owned subsidiary Redwood Phoenix China Investment Fund Pte. Ltd. ("RPCIF"), entered into a sale and purchase agreement to divest 65% equity interest in Mingyue Logistics Pte. Ltd. ("Mingyue Logistics") and its subsidiary Guangzhou Mingyue Warehousing Co., Ltd. ("Guangzhou Mingyue"). The divestment is expected to be completed within the next financial year. Accordingly, all the assets and liabilities held by Mingyue Logistics and Guangzhou Mingyue were reclassified as disposal group held for sale as at 31 December 2019.

Details of assets and liabilities classified as held for sale as at 31 December 2019 are as follows:

	Notes	As at 31 December 2019 USD'000
Assets		
Property, plant and equipment		2
Investment properties	19	83,519
Prepayments, other receivables and other assets		215
Cash and cash equivalents		10,195
Assets classified as held for sale		93,931
Liabilities		
Bank and other borrowings	26	14,672
Trade payables, accruals and other payables		6,184
Income tax payable		115
Deferred tax liabilities		286
Liabilities directly associated with the assets classified as held for sale		21,257
Net assets directly associated with the disposal group		72,674

Profit for the year from the disposal group was USD3,035,000.

As at 31 December 2019, the bank and other borrowings of USD14,672,000 bears fixed interest rate of 5.225% per annum with maturity in year 2022. The loan will become payable within one year after the completion of divestment. The investment property with a fair value of USD83,519,000 was pledged to secure bank and other borrowings granted to Guangzhou Mingyue.

The fair value of the investment properties under the disposal group held for sale as at 31 December 2019 was measured based on the agreed transaction price (Level 2).

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32. DISPOSAL GROUP HELD FOR SALE (continued)

Lease receivables under non-cancellable operating leases generated from completed investment properties under the disposal group held for sale are as follows:

	As at 31 December 2019 USD'000
Within one year	5,800
After one year but within two years	5,974
After two years but within three years	6,153
After three years but within four years	6,338
After four years but within five years	6,041
	30,306

33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Percentage of equity interests held by non-controlling interests at the reporting date:		
Preference shares issued by subsidiaries:		
Redwood Fujiidera Investor Ltd.[i]	86%	86%
Redwood Asian Investments 2 Ltd.[ii]	86%	86%
Equity interest held by non-controlling interests:		
Mingyue Logistics Pte. Ltd.[iii]	35%	35%
Higashi[iv]	30%	30%
Shanghai Yurun[v]	26%	N/A

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33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Profit/(loss) for the year allocated to non-controlling interests:		
Preference shares issued by subsidiaries:		
Redwood Fujiidera Investor Ltd.[i]	24	2,966
Redwood Asian Investments 2 Ltd.[ii]	1,124	(1,209)
	1,148	1,757
Equity interests held by non-controlling interests:		
Mingyue Logistics Pte. Ltd.[iii]	2,286	2,095
Higashi[iv]	9,958	1,776
Shanghai Yurun[v]	13,266	–
	25,510	3,871
	26,658	5,628
Accumulated balances of non-controlling interests at the reporting date:		
Preference shares issued by subsidiaries:		
Redwood Fujiidera Investor Ltd.[i]	875	58,979
Redwood Asian Investments 2 Ltd.[ii]	27,629	45,114
	28,504	104,093
Equity interests held by non-controlling interests:		
Mingyue Logistics Pte. Ltd.[iii]	24,740	27,464
Higashi[iv]	65,204	55,066
Shanghai Yurun[v]	52,533	–
	142,477	82,530
	170,981	186,623

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33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Redwood Fujiidera Investor Ltd.[i] USD'000	Redwood Asian Investments 2 Ltd.[ii] USD'000	Mingyue Logistics Pte. Ltd.[iii] USD'000	Higashi[iv] USD'000	Shanghai Yurun[v] USD'000
2019					
Revenue	–	–	5,466	15,543	–
Total expense	(39)	(252)	(2,074)	(6,107)	(81)
Profit for the year	28	1,311	5,491	33,059	51,053
Total comprehensive income for the year	28	1,311	5,491	33,059	51,053
Current assets	69,137	22,827	94,361	26,323	16,937
Non-current assets	118	34,218	305	422,734	94,371
Current liabilities	45	206	23,166	12,406	33,933
Non-current liabilities	–	2,560	5,450	219,757	21,566
Net cash flow from/(used in) operating activities	(576,025)	(653,984)	6,794,969	10,811,644	(150)
Net cash flow from/(used in) investing activities	69,679,586	22,748,964	(203,210)	(1,030,303)	(39,445)
Net cash flow from/(used in) financing activities	(68,188,615)	(22,045,808)	(2,884,705)	(8,561,069)	60,210
Net increase in cash and cash equivalents	914,946	49,172	3,707,054	1,220,272	20,615

	Redwood Fujiidera Investor Ltd. USD'000	Redwood Asian Investments 2 Ltd. USD'000	Mingyue Logistics Pte. Ltd. USD'000	Higashi USD'000
2018				
Revenue	–	–	5,726	15,092
Total expense	(10)	(300)	(2,164)	(6,033)
Profit/(loss) for the year	2,143	(1,411)	4,817	38,325
Total comprehensive income/(loss) for the year	2,143	(1,411)	2,722	38,265
Current assets	68,070	1,159	7,027	954
Non-current assets	–	54,865	82,298	113,812
Current liabilities	579	858	6,286	94,320
Non-current liabilities	–	2,533	19,826	–
Net cash flow from/(used in) operating activities	(36)	(77,322)	3,858,895	12,342,638
Net cash flow used in investing activities	–	(3,869,296)	(819,510)	(608,144)
Net cash flow from/(used in) financing activities	–	3,908,380	(348,051)	(6,980,640)
Net increase/(decrease) in cash and cash equivalents	(36)	(38,238)	2,691,334	4,753,854

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33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Notes:

(i) Pursuant to the subscription agreement dated 18 December 2014 entered into by certain subsidiaries of the Company, including Redwood Asian Investment 1 Ltd. ("RAIL 1"), Redwood Fujiidera Investor Ltd., ESR Singapore (the "Manager") and a third party Financial Investor C, ("Subscription Agreement"), RAIL 1 and Financial Investor C have agreed to provide funding to Redwood Fujiidera Investor Ltd. for the purpose of subscribing to interest in Redwood Fujiidera Pte. Ltd.

Prior to 23 September 2016, according to Articles of Association, there is an obligation to Redwood Fujiidera Investor Ltd. to pay distributions to the preference share shareholders should distribution proceeds be received from Redwood Fujiidera Pte. Ltd. On 23 September 2016, Redwood Fujiidera Investor Ltd. made amendments to the Articles of Association and deleted the above obligation. The preference shares meet the definition of equity afterwards. The carrying amount of the preference shares are transferred into non-controlling interests from financial liabilities.

At 31 December 2019, Financial Investor C was a holder of 4,243,902,381 (2018: 4,243,902,381) preference shares issued by Redwood Fujiidera Investor Ltd., a Cayman Island incorporated subsidiary. Financial Investor C is entitled to participate pari passu with ordinary shareholders in dividends as well as distribution upon return of capital on winding up. The dividend distribution is at the discretion of Redwood Fujiidera Investor Ltd. based on the terms of preference shares.

(ii) Pursuant to the subscription agreement dated 5 March 2015 entered into by RAIL, Financial Investor C, Redwood Asian Investments 2 Ltd. and ESR Singapore Pte. Ltd.(the "Manager") ("Subscription Agreement"), RAIL and Financial Investor C have agreed to provide funding to Redwood Asian Investments 2 Ltd. for the purpose of, indirectly through Redwood Nanko Pte. Ltd. and its subsidiaries, subscribing interest in RW Nankonaka TMK.

At 31 December 2019, Financial Investor C was a holder of 3,454,285,715 (2018: 3,454,285,715) Preference A Shares issued by Redwood Asian Investments 2 Ltd., a Cayman Island incorporated subsidiary, respectively. Financial Investor C is entitled to participate pari passu with ordinary shareholders in dividends as well as distribution upon return of capital on winding up. The dividend distribution is at the discretion of Redwood Asian Investments 2 Ltd. based on the terms of preference shares.

(iii) Pursuant to the sales and purchase agreement dated 30 June 2017 entered into with RAIL and Phoenix Global Real Estate Secondaries 2009 LP ("PGRE"), Redwood Phoenix China Investment Fund Pte Ltd became a 100% wholly owned subsidiary of RAIL and RAIL indirectly held 65% of Mingyue Logistic Pte. Ltd. which held 100% of Guangzhou Mingyue Warehousing Co., Ltd. The purchase consideration amounted to USD23,436,000.

(iv) Pursuant to the sales and purchase agreement dated 28 June 2018 entered into with Redwood Investor (Higashi) Ltd. ("RW Investor Higashi"), a wholly owned subsidiary of the Group, and Fupeng Investment Management Limited, RW Investor Higashi acquired 35% shares of RW Higashi Pte. Ltd. ("Higashi Pte"). After the acquisition, RW Investor Higashi owned 70% shares of Higashi Pte, which became a subsidiary of the Group.

(v) On 6 June 2019, Shanghai Dongjin Shiye Co., Ltd, a wholly-owned subsidiary of the Group, entered into sale and purchase agreement for sale of 26% of shares of Shanghai Yurun Meat Food Co., Ltd ("Shanghai Yurun") to Jiaxing Yishang Equity Investment Partnership LLP (the "Jiaxing Fund").

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34. BUSINESS COMBINATION

(a) On 20 March 2019, the Group has, through its wholly-owned subsidiary ESR Real Estate (Australia) Pty Ltd., completed the acquisition of an additional 80.1% interest in Propertylink (Holdings) Limited Group (the "PLG Group"). The Group previously held 19.9% interest in PLG Group and accounted as financial assets at fair value through other comprehensive income. Upon acquisition of the additional 80.1% interest, PLG Group became a subsidiary of the Group. The acquisition of PLG Group was identified as a business combination by the management. PLG is a fully operational company as at the acquisition date and its principal activity is management services in Australia.

The fair values of the identifiable assets and liabilities of PLG Group as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition date USD'000
Property, plant and equipment		212
Right-of-use assets		2,095
Other intangible assets		4,039
Investment properties		608,680
Investments in joint ventures		72,262
Deferred tax assets		4,852
Financial assets at fair value through other comprehensive income		95,822
Prepayments, other receivables and other assets		8,127
Cash and bank balances		4,012
Trade payables, accruals and other payables		(6,237)
Bank and other borrowings		(325,368)
Lease liabilities		(12,615)
Total identifiable net assets at fair value		455,881
Goodwill on acquisition	20	41,291
		497,172
Satisfied by:		
Cash		398,285
Financial asset at fair value through other comprehensive income		98,887
		497,172

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	USD'000
Cash consideration	(398,285)
Cash and bank balances acquired	4,012
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(394,273)

Since the acquisition, PLG Group contributed USD41,276,000 to the Group's revenue and USD16,328,000 profit to the consolidated profit for the period ended 31 December 2019.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the year would have been USD371,708,000 and USD281,804,000, respectively.

Notes to the Consolidated Financial Statements

31 December 2019

34. BUSINESS COMBINATION (continued)

(b) On 28 June 2019, the Group has, through its wholly-owned subsidiary Infinitysub Pte. Ltd., completed the acquisition of additional 51% interest in SIP Group. The Group previously held effective interest of 42.8% in SIP Group through a subsidiary and accounted as investment in associates (note 16). Upon acquisition of the additional 51% interest, SIP Group became a subsidiary of the Group. The acquisition of SIP Group was identified as a business combination by the management. SIP Group is a fully operational company as at the acquisition date and its principal activity is management services in Singapore.

The fair values of the identifiable assets and liabilities of SIP Group as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition date USD'000
Property, plant and equipment		14
Right-of-use assets		284
Other intangible assets		15,364
Financial assets at fair value through other comprehensive income		13,861
Other non-current assets		54
Deferred tax assets		4
Prepayments, other receivables and other assets		1,089
Cash and bank balances		3,517
Deferred tax liabilities		(2,619)
Trade payables, accruals and other payables		(11,345)
Lease liabilities		(285)
Total identifiable net assets at fair value		19,938
Non-controlling interests		(798)
Goodwill on acquisition	20	13,570
		32,710
Satisfied by:		
Cash		18,253
Investment in associate remeasured at fair value at acquisition date		14,457
		32,710

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	USD'000
Cash consideration	(18,253)
Cash and bank balances acquired	3,517
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(14,736)

Since the acquisition, SIP contributed USD2,490,000 to the Group's revenue and USD892,000 profit to the consolidated profit for the year.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been USD360,679,000 and USD279,080,000, respectively.

Notes to the Consolidated Financial Statements

31 December 2019

34. BUSINESS COMBINATION (continued)

(c) Acquisition of subsidiaries that are not business

Lekun Warehousing (Wuxi) Co., Ltd. ("Wuxi Lekun")

The Group, through its wholly-owned subsidiary, Zeta Offshore Holdings (BVI) Limited, entered into share purchase agreement with independent third-parties Barn Holding Pte. Limited and TCL Electronics Holdings Limited, to acquire 100% equity interests in Lekun Warehousing (Wuxi) Co., Ltd. ("Wuxi Lekun") for an aggregate purchase price of USD38,591,000 in cash. The acquisition of Wuxi Lekun was completed on 14 March 2019.

On the acquisition date, there were no other material assets and liabilities carried by Wuxi Lekun other than cash and bank balances, bank and other borrowings and investment properties. The transaction was accounted for as an asset acquisition.

Kawajima Distribution Centre ("Kawajima")

The Group entered into share purchase agreement with one of development funds, RW Kawajima TMK, to acquire 100% equity interests in Kawajima at an aggregate purchase price of USD82,673,000 in cash. The acquisition of Kawajima was completed on 20 August 2019.

On the acquisition date, there were no other material assets and liabilities carried by Kawajima other than cash and bank balances, trade payables, accruals and other payables, and investment properties. The transaction was accounted for as an asset acquisition.

Shanghai Yibian Logistic Technology Co., Ltd. ("Shanghai Yibian")

The Group entered into share purchase agreement with an independent third-party, Kerry Logistics (China) Limited, to acquire 100% equity interests in Shanghai Yibian (formerly known as Kerry Logistics (Waigaoqiao) Limited) at an aggregate purchase price of USD13,965,000 in cash. The acquisition of Shanghai Yibian was completed on 20 August 2019.

On the acquisition date, there were no other material assets and liabilities carried by Shanghai Yibian other than cash and bank balances and investment properties. The transaction was accounted for as an asset acquisition.

Langfang Hongke Real Estate Development Co., Ltd. ("Langfang Hongke")

The Company, through its wholly owned subsidiary, Crystal Offshore Holdings (BVI) Limited, entered into share purchase agreement with an independent third-party Chief Victory Global Limited, to acquire 100% equity interests in Langfang Hongke Real Estate Development Co., Ltd. ("Langfang Hongke") at an aggregate purchase price of USD7,273,000 in cash. The acquisition of Langfang Hongke was completed on 23 September 2019.

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34. BUSINESS COMBINATION (continued)

(c) Acquisition of subsidiaries that are not business (continued)

On the acquisition date, there were no other material assets and liabilities carried by Langfang Hongke other than cash and bank balances and investment properties. The transaction was accounted for as an asset acquisition.

	Wuxi Lekun USD'000	Kawajima USD'000	Shanghai Yibian USD'000	Langfang Hongke USD'000
Net assets acquired:				
Cash and bank balances	1,344	1,946	1,279	114
Trade receivables	10	–	4	–
Prepayments, other receivables and other assets	70	–	5	4
Property, plant and equipment	–	–	176	–
Investment properties	63,342	82,673	12,685	7,155
Bank and other borrowings	(24,873)	–	–	–
Trade payables, accruals and other payables	(1,302)	(1,946)	(184)	–
	38,591	82,673	13,965	7,273
Satisfied by:				
Cash	38,591	82,673	13,965	6,477
Consideration payable	–	–	–	796
	38,591	82,673	13,965	7,273

An analysis of the cash flows in respect of the acquisition of subsidiaries are as follows:

	Wuxi Lekun USD'000	Kawajima USD'000	Shanghai Yibian USD'000	Langfang Hongke USD'000
Cash consideration	(38,591)	(82,673)	(13,965)	(6,477)
Cash and bank balances acquired	1,344	1,946	1,279	114
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(37,247)	(80,727)	(12,686)	(6,363)

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35. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

As at 31 December 2019, the Group considers its equity investments in 31 (2018: 20) investment funds to be interests in unconsolidated structured entities. The investments funds are designed so that the management rights are not the dominant factor in deciding who controls them and are financed through the issue of ownership interest instrument to each investors.

The Group also acts as investment manager for 34 (2018: 24) real estate funds to manage the operations of those assets to earn fee income based on their capital contributed by investors, development costs incurred on real estate projects, or for the acquisition advisory service and brokerage service. The assets have been designed so that voting and similar rights are not the dominant factor in deciding how the investing activities should be conducted and are financed through the issue of ownership interest instrument to investors. The Group did not provide any financial support and has no intention of providing financial or any other support.

The Group earned a total gross fee income of USD73,651,000 (2018: USD44,621,000) from the real estate funds for the year ended 31 December 2019. As at 31 December 2019, the Group's maximum exposure to loss as a result of acting as the investment manager of the real estate funds was equivalent to the carrying amount of fee income receivable from them amounting to USD42,399,000 (2018: USD25,785,000) and the carrying amount of the investments amounting to USD499,146,000 (2018: USD275,160,000).

36. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019, Action Wealth International Limited, Shanghai Dongjin Shiye Co., Ltd., Jiadong Investment Ltd., Talent HK Offshore Limited, Action Growth International Limited, E-shang Wealth HK Limited and Action Rocks Holding Limited, wholly-owned subsidiaries of the Company, entered into an agreement with Shanghai Yishang Logistics Equity Investment Partnership ("Xinhua Fund") to dispose of the 99.99% interests in seven subsidiaries, which are Hangzhou Mingpu Supply Chain Management Co., Ltd., Shanghai Yita Warehousing Co., Ltd., Xinbin (Shanghai) Qiye Guanli Fuwu Co., Ltd., Shanghai Moya Warehouse Co., Ltd., Tianjin Mingcheng Warehouse Co., Ltd., Shanghai Donghe Warehouse Co., Ltd. and Wuhan Mingju Supply Chain Development Co., Ltd..

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36. DISPOSAL OF SUBSIDIARIES (continued)

	USD'000
Net assets disposed of:	
Cash and bank balances	20,851
Prepayments, trade and other receivables and other assets	58,391
Investment properties	276,711
Property, plant and equipment	2
Deferred tax assets	1,146
Other non-current assets	1,492
Trade payables, accruals, other payables and income tax payable	(48,481)
Deferred tax liabilities	(28,515)
Bank and other borrowings	(84,315)
Other non-current liabilities	(4,481)
	192,801
Exchange fluctuation reserve	4,901
Gain on disposal of subsidiaries	16,495
	214,197
Satisfied by:	
Cash	214,175
Investments in financial assets at fair value through profit or loss*	22
	214,197

* The Group hold 0.01% interest in the disposed subsidiaries after the disposal, which is recognised as a financial asset at fair value through profit or loss.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	USD'000
Cash consideration	214,175
Cash and bank balances of disposed subsidiaries	(20,851)
Net inflow of cash and cash equivalents included in cash flows used in investing activities	193,324

37. CONTINGENT LIABILITIES

As at the years ended 31 December 2019 and 2018, neither the Group nor the Company had any significant contingent liabilities.

38. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 26 to the financial statements.

Notes to the Consolidated Financial Statements

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39. COMMITMENTS

(a) Operating lease commitments

As lessor

The Group leases out its completed investment properties under operating lease arrangements on terms ranging from one to ten years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 31 December 2019 and 2018, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as stated in note 19.

(b) Capital commitments

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Contracted, but not provided for investment properties	377,558	306,725
Authorised, but not contracted for investment properties	10,855	–
Undrawn capital calls to real estate investment funds	360,179	50,581
	748,592	357,306

40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the years ended 31 December 2019 and 2018:

(a) Transactions with related parties:

	2019 USD'000	2018 USD'000
Associates:		
– Management fee income (note(i))	17,368	2,358
Joint ventures:		
– Management fees income (note(i))	25,291	30,256
– Advances to joint ventures (note(ii))	3,824	3,652
– Repayment to joint ventures (note(ii))	(2,166)	(1,197)
– Construction income	22,243	–

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40. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued):

Notes:

(i) The Group and its subsidiaries entered into agreements with joint ventures (including their operating subsidiaries) and some associates to charge management service, which comprised the followings:

a) Land acquisition fee at certain percentage of the net land cost;

b) Development fee at certain percentage of total budget of project development cost during the construction period;

c) Asset management fee at certain percentage of the aggregate costs of the project before stabilization or fair value after stabilization; and

d) Leasing fee in respect of each new lease entered into.

(ii) Advances to/(repayment from) related parties and (repayment to)/advances from joint ventures are unsecured, interest-free and repayable on demand.

The maximum amounts due from related parties outstanding during the year ended 31 December 2019 is USD13,888,000 (2018: USD13,774,000).

(b) Commitments with related parties

The Group expects total capital commitment to associates and joint ventures to be USD76,220,000 and USD127,393,000, respectively.

(c) Compensation of key management personnel of the Group:

	2019 USD'000	2018 USD'000
Short term employee benefits	9,197	5,461
Post-employment benefits	30	51
Share based payment	6,006	8,737
Total compensation paid to key management personnel	15,233	14,249

41. SHARE CAPITAL

	As at 31 December 2019	As at 31 December 2018
Authorised number of shares	8,000,000,000	4,400,000,000

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Issued and fully paid	3,037	2,689

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41. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital USD'000	Share premium account USD'000	Total USD'000
At 1 January 2018	2,334,820,428	2,335	972,735	975,070
Issuance of new shares (note (i))	266,942,708	267	345,893	346,160
Share options exercised (note (ii))	32,472,131	32	25,066	25,098
Transferred from equity component of warrant instrument	54,684,608	55	26,704	26,759
At 31 December 2018 and 1 January 2019	2,688,919,875	2,689	1,370,398	1,373,087
Share options exercised (note (iii))	18,452,806	19	7,584	7,603
Conversion of redeemable convertible preference shares (note (iv))	49,071,962	49	75,498	75,547
Issue of new shares pursuant to Global Offering (note (v))	280,140,000	280	601,004	601,284
Share issue expenses (note (v))	–	–	(11,958)	(11,958)
At 31 December 2019	3,036,584,643	3,037	2,042,526	2,045,563

Notes:

(i) On 10 May 2018, the Company issued 240,578,861 ordinary shares to a new shareholder for cash considerations of USD306,160,659.

On 13 June 2018, the Company issued 26,363,847 ordinary shares to a new shareholder for cash considerations of USD40,000,000.

(ii) 32,472,131 share options were exercised at the exercise price of USD0.46 per share (note 42), resulting in the issue of 32,472,131 shares for a total cash consideration, before expenses, of USD14,937,000. An amount of USD10,161,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

(iii) 18,452,806 share options were exercised at the exercise price of USD0.46 per share (note 42), resulting in the issue of 18,452,806 shares for a total cash consideration, before expenses, of USD19,000. An amount of USD7,603,000 was transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

(iv) 32,714,642 and 16,357,320 redeemable convertible preference shares were converted to ordinary shares on 18 September 2019 and 1 November 2019 respectively.

(v) On 1 November 2019, the Company issued a total of 280,140,000 ordinary shares of USD0.001 each at HK$16.8 per share by way of Global Offering. The expenses attributable to the issue of shares of approximately USD11,958,000 were recognised in the share premium account of the Company. On the same date, the Company's shares were listed on the Main Board of the Hong Kong Stock Exchange.

42. SHARE OPTION PLAN

The Company operates share option plans (the "Plans") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Plans include the Company's shareholders, directors, senior management and other eligible participants.

(a) Tier 1 ESOP

Tier 1 ESOP is intended to provide the Company with a flexible means of retaining incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants. By aligning the interests of selected participants with those of the shareholders, participants will be encouraged and motivated to continue their efforts towards enhancing the value of the Company. Eligible participants of Tier 1 ESOP include 3 selected participants. No further options will be issued under the Tier 1 ESOP. The exercise price of Tier 1 ESOP is USD0.46 per option. Tier 1 ESOP became effective on 20 April 2017 and will remain in force until 20 January 2021.

(b) KM ESOP

KM ESOP is to incentivise or reward eligible participants for their contribution towards the Company's operation, so as to: (a) motivate and encourage recipients to continue to perform well; (b) to retain the services of recipients whose work is vital to the growth and continued success of the Company; and (c) to link the personal interests of members of the Board and the employees with those of the shareholders. Eligible participants of KM ESOP include any director or employee of the Group, or any director or employee of any company which is under the control the Company. KM ESOP became effective on 24 November 2017 and, unless otherwise canceled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options to be granted under the KM ESOP is 63,558,343.

No further options will be issued under the KM ESOP.

(c) Post-IPO share option scheme

Post-IPO share option scheme is to provide incentives to participants to contribute to the Company and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group. Eligible participants of Post-IPO share option scheme include any individual, being and employee, executive director and non-executive director (including independent non-executive director), agent or consultant of the Company or its subsidiary who the Board or its delegate(s) consider, in their sole discretion, to have contributed or will contribute to the Group. Post-IPO Share Option Scheme became effective on 12 October 2019 and, unless otherwise canceled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO share option scheme is 303,658,464.

According to Post-IPO Share Option Scheme, the Board may, at its discretion, grant to any eligible participants an option at the exercise price over the whole number of shares it decides. The Board will decide the exercise price which will be stated at the date of grant.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, must first be approved by the independent non-executive directors, excluding any independent non-executive director who is a proposed recipient of the grant of options.

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42. SHARE OPTION PLAN (continued)

(c) Post-IPO share option scheme (continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under Post-IPO share option scheme and any other option schemes of the Company at any time must not exceed 30% of the shares in issue from time to time (the "Option Scheme Limit"). No options may be granted under any schemes of the Company if this will result in the Option Scheme Limit being exceeded.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

The following share options were outstanding under the Plans during the years ended 31 December 2019 and 2018:

	Weighted average exercise price USD	**Number of options '000**
At 1 January 2018		104,258
Granted during the year	0.81	53,571
Exercised during the year	0.46	(32,472)
At 31 December 2018 and at 1 January 2019		125,357
Granted during the year	1.49	5,797
Forfeited during the year	1.52	(379)
Exercised during the year	0.48	(48,601)
At 31 December 2019		82,174

The weighted average share price at the date of exercise for share options exercised during the year ended 2019 was HKD17.48 per share.

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42. SHARE OPTION PLAN (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of each of the years ended 31 December 2019 and 2018 are as follows:

2018 Number of options '000	Exercise price USD per share	Exercise period
4,189	0.2520	01-02-19 to 31-01-24
67,597	0.4600	20-04-17 to 20-01-26
15,247	0.4722	01-01-23* to 11-12-27
37,451	0.9445	01-01-23* to 14-01-28
873	1.1453	16-08-23* to 15-08-28
125,357		

2019 Number of options '000	Exercise price USD per share	Exercise period
4,189	0.2520	01-02-19 to 31-01-24
24,700	0.4600	20-04-17 to 20-01-26
11,837	0.4722	01-01-23* to 22-02-29
35,157	0.9445	01-01-23* to 19-05-29
873	1.1453	16-08-23* to 15-08-28
1,098	1.3655	16-02-24* to 25-02-29
4,320	1.5172	16-02-24* to 19-05-29
82,174		

* Participants will have an unconditional right to exercise an option to the extent that it is vested after the earliest of the followings:

a) an IPO;

b) an Early Vesting Event;

c) 5 years of the date of grant.

If there is (i) a sale of all or substantially all of the shares in; or (ii) a disposal of all or substantially all of the business of the member of the Group of which a participant is a director or by which the participant is employed, as appropriate, by way of trade sale or by way of sale to a third party (an "Early Vesting Event"), any options granted to the participant will vest in full on the occurrence of the Early Vesting Event.

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42. SHARE OPTION PLAN (continued)

The fair value of the share options granted during 2018 and 2019 was approximately USD36,456,000 (USD0.68 each) and USD2,640,000 (USD0.46 each), respectively.

The fair value of equity-settled share options granted during the years ended 31 December 2019 and 31 December 2018, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Dividend yields (%)	–	–
Volatility	20.09	32.70-34.41
Risk-free interest rate (%)	2.26-2.77	2.33-3.11
Expected life of options (year)	10.00	8.8-10

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 42,897,000 share options exercised during the year resulted in the issue of 18,452,806 ordinary shares of the Company and new share capital of USD19,000 (before issue expenses), as further detailed in note 41. Shares to be issued for 5,705,000 share options exercised during the year will be issued after 1 May 2020 as a result of a delayed settlement arrangement. The exact number of shares to be issued is subject to calculation (by considering any income tax and social security contribution), which shall not be more than the number of options exercised in any event.

At the 31 December 2019, the Company had 82,174,000 share options outstanding under the Plans. The exercise in full of the outstanding share options by conventional exercise method would, under the present capital structure of the Company, result in the issue of 82,174,000 additional ordinary shares of the Company and additional share capital and share premium of USD60,266,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 82,174,000 share options outstanding under the Plans, which represented approximately 2.71% of the Company's shares in issue as at that date.

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43. PERPETUAL CAPITAL SECURITIES

On 7 June 2017, the Company issued subordinated perpetual capital securities with aggregate net proceeds equivalent to USD98,845,000.

The distribution rate is 8.25% per annum, with the first distribution rate resets falling on 7 June 2020 and subsequent resets occurring every three years thereafter. Distributions are payable semi-annually in arrears. Subject to the relevant terms and conditions in the offering circular, the Company may elect to defer making distributions on the perpetual capital securities and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual capital securities may be redeemed at the option of the Company, on 7 June 2020 or upon the occurrence of certain redemption events specified in the conditions of the issuance. The perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

Movements of the perpetual capital securities are as follows:

	Principal USD'000	Distribution USD'000	Total USD'000
At 1 January 2018	98,845	–	98,845
Repurchase of perpetual capital securities	(1,466)	–	(1,466)
Profit attributable to holders of perpetual capital instruments	–	8,192	8,192
Distribution to holders of perpetual capital instruments	–	(8,192)	(8,192)
At 31 December 2018 and 1 January 2019	97,379	–	97,379
Profit attributable to holders of perpetual capital instruments	–	8,250	8,250
Distribution to holders of perpetual capital instruments	–	(8,250)	(8,250)
At 31 December 2019	97,379	–	97,379

Notes to the Consolidated Financial Statements

31 December 2019

44. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the financial statements.

(i) Statutory reserve

In accordance with the Company Law of the People's Republic of China, the subsidiaries in PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of PRC subsidiaries.

(ii) Merger reserve

The merger reserve of the Group represents the reserve arose pursuant to the reorganisation of subsidiaries.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Notes to the Consolidated Financial Statements

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44. RESERVES (continued)

(b) The Company

	Share premium USD'000	Share option reserve USD'000	Exchange fluctuation reserve USD'000	Accumulated losses USD'000	Investment reserve (non-recycling) USD'000	Other reserve USD'000	Total USD'000
As at 1 January 2019	1,370,398	25,341	(8,304)	(153,042)	6,607	–	1,241,000
Loss for the year	–	–	–	(145,707)	–	–	(145,707)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	2,204	–	2,204
Share of other comprehensive income of joint ventures	–	–	2,039	–	–	–	2,039
Total comprehensive loss for the year	–	–	2,039	(145,707)	2,204	–	(141,464)
Profit attributable to holders of perpetual capital securities	–	–	–	(8,250)	–	–	(8,250)
Issue of new shares pursuant to Global Offering	601,004	–	–	–	–	–	601,004
Share issue expenses	(11,958)	–	–	–	–	–	(11,958)
Issue of shares upon exercise of share options	7,584	(7,603)	–	–	–	–	(19)
Conversion of redeemable convertible preference shares	75,498	–	–	–	–	–	75,498
Redemption of redeemable convertible preference shares	–	–	–	–	–	29,218	29,218
Settlement of share options by cash	–	(10,391)	–	(4,849)	–	–	(15,240)
Transfer of share option reserve upon the forfeiture of share option	–	(15)	–	15	–	–	–
Equity-settled share option arrangement	–	18,469	–	–	–	–	18,469
As at 31 December 2019	2,042,526	25,801	(6,265)	(311,833)	8,811	29,218	1,788,258

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31 December 2019

44. RESERVES (continued)

(b) The Company (continued)

	Share premium USD'000	Share option reserve USD'000	Exchange fluctuation reserve USD'000	Accumulated losses USD'000	Investment reserve (non-recycling) USD'000	Total USD'000
As at 1 January 2018	972,735	12,345	494	(101,472)	–	884,102
Loss for the year	–	–	–	(43,378)	–	(43,378)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	6,607	6,607
Share of other comprehensive loss of joint ventures	–	–	(8,798)	–	–	(8,798)
Total comprehensive loss for the year	–	–	(8,798)	(43,378)	6,607	(45,569)
Issue of shares	370,959	(10,161)	–	–	–	360,798
Transferred from financial liabilities	26,704	–	–	–	–	26,704
Profit attributable to holders of perpetual capital securities	–	–	–	(8,192)	–	(8,192)
Equity-settled share option arrangement	–	23,157	–	–	–	23,157
As at 31 December 2018	1,370,398	25,341	(8,304)	(153,042)	6,607	1,241,000

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings, financial liabilities included in trade and other payables, cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets included in other non-current assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The directors reviews and agrees policies for managing each of the risks.

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest- bearing bank and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in note 26.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in profit before tax as disclosed below.

	Increase/(decrease) in basis point USD'000	**(Decrease)/increase in profit before tax USD'000**
Year ended 31 December 2019	100/(100)	(13,615)/13,615
Year ended 31 December 2018	100/(100)	(4,548)/4,548

Foreign currency risk

The Group had monetary assets and liabilities, which were denominated in foreign currencies, and were exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in currencies that are not the functional currencies of the relevant entities.

The following table details the Group's sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at 31 December 2019 for a 1% change in foreign currency rates.

	2019 USD'000	2018 USD'000
Increase/(decrease) in profit before tax		
If USD weakens against RMB	**2,100**	997
If USD strengthens against RMB	**(2,100)**	(997)
If USD weakens against JPY	**(268)**	(2,008)
If USD strengthens against JPY	**268**	2,008
If USD weakens against SGD	**(1,158)**	–
If USD strengthens against SGD	**1,158**	–
If USD weakens against AUD	**477**	–
If USD strengthens against AUD	**(477)**	–

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

IFRS 9

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meets its contractual obligation. The Group has no concentration of credit risk from third party debtors. The carrying amounts of restricted cash, cash and bank balances, financial assets included in prepayments, other receivables and other assets in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

All cash and bank balances were deposited in high-credit-quality financial institutions without significant credit risk.

The Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the other receivables into Stage 1 and Stage 2, as described below:

Stage 1 — When other receivables are first recognised, the Group recognises an allowance based on 12 months' expected credit loss (ECL)

Stage 2 — When other receivables have shown a significant increase in credit risk since origination, the Group recognises an allowance for the lifetime ECLs

Management also regularly reviews the recoverability of these receivables and follow up the dispute or amount overdue, if any. The management is of the opinion that the risk of default by counterparties is low.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compare the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected loss allowance provision for these balances was not material during the years ended 31 December 2019 and 2018.

The Group assessed that the expected credit losses for these receivables are not material under the 12-month expected loss method. Thus no loss allowance provision was recognised during the years ended 31 December 2019 and 2018.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in note 23 and note 24.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances or to have available funding through the use of bank and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The maturity profile of the Group's financial liabilities as at 31 December 2019 and 2018, based on the contractual undiscounted payments, is as follows:

Group

	Less than 1 year USD'000	1 to 5 year USD'000	Over 5 years USD'000	Total USD'000
31 December 2019				
Interest-bearing bank and other borrowings	361,408	2,435,570	199,490	2,996,468
Trade and other payables	181,126	–	–	181,126
Lease liabilities	6,064	12,644	70,893	89,601
Other non-current liabilities	–	–	44,630	44,630
	548,598	2,448,214	315,013	3,311,825

	Less than 1 year USD'000	1 to 5 year USD'000	Over 5 years USD'000	Total USD'000
31 December 2018				
Interest-bearing bank and other borrowings	505,154	931,709	248,482	1,685,345
Redeemable convertible preference shares	283,925	–	–	283,925
Trade and other payables	92,102	–	–	92,102
Lease liabilities	3,774	4,755	2,807	11,336
Other non-current liabilities	–	–	35,766	35,766
	884,955	936,464	287,055	2,108,474

Notes to the Consolidated Financial Statements

31 December 2019

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	Less than 1 year USD'000	1 to 5 year USD'000	Over 5 years USD'000	Total USD'000
31 December 2019				
Interest-bearing bank and other borrowings	211,729	930,527	–	1,142,256
Trade and other payables	108,795	–	–	108,795
Other non-current liabilities	–	544,920	–	544,920
	320,524	1,475,447	–	1,795,971

	Less than 1 year USD'000	1 to 5 year USD'000	Over 5 years USD'000	Total USD'000
31 December 2018				
Interest-bearing bank and other borrowings	66,346	317,008	–	383,354
Redeemable convertible preference shares	283,925	–	–	283,925
Trade and other payables	55,987	–	–	55,987
Other non-current liabilities	–	–	516,523	516,523
	406,258	317,008	516,523	1,239,789

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through comprehensive income (note 18) as at 31 December 2019 and 2018. The Group's listed investments are listed on Hong Kong Exchanges and Clearing Limited, Singapore Exchange Securities Trading Limited, and Australian Securities Exchange and are valued at quoted market prices at the end of each of the years ended 31 December 2019 and 2018.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of each of the years ended 31 December 2019 and 2018, and their respective highest and lowest points during the year were as follows:

	31 December 2019	High/Low 2019	31 December 2018	High/Low 2018
Australia — AORD Index	6,802	6,996/5,620	5,709	6,481/5,478
Singapore — STI Index	3,223	3,415/2,956	3,069	3,642/2,956
Hong Kong — Hang Seng Index	28,190	30,280/24,897	25,846	33,484/24,541

Capital management

The Group adopts a proactive and disciplined capital management approach to maintain a strong and well-capitalised balance sheet, and regularly review its debt maturity profile and liquidity position on an ongoing basis. The Group maintains a strong balance sheet, and actively diversifies its funding sources through a combination of facilities with both local and international banks, and capital market issuances in optimising its costs of debt financing.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

The Group monitors capital using net gearing ratio, which is calculated by dividing net debt, defined as total bank and other borrowings less cash and bank balances, by total assets at the end of each year. The gearing ratios as at 31 December 2019 and 2018 were as follows:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Bank and other borrowings		
Current	232,209	436,194
Non-current	2,338,708	1,024,279
Bank and other borrowings — Total	2,570,917	1,460,473
Less: Cash and bank balances	(884,206)	(581,379)
Net debt	1,686,711	879,094
Total assets	6,352,198	4,431,600
Gearing ratio	26.6%	19.8%

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46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2019 and 2018 are as follow:

31 December 2019

Financial assets	Financial assets at fair value through profit or loss USD'000	Amortised cost USD'000	Financial assets at fair value through other comprehensive income USD'000	Total USD'000
Financial assets at fair value through profit or loss	589,417	–	–	589,417
Financial assets at fair value through other comprehensive income	–	–	542,925	542,925
Trade receivables	–	88,897	–	88,897
Other non-current assets	6,036	10,542	–	16,578
Financial assets included in prepayments, other receivables and other assets	1,494	74,037	–	75,531
Pledged bank deposits	–	45,800	–	45,800
Restricted bank balances	–	21,038	–	21,038
Cash and bank balances	–	816,487	–	816,487
Non-pledged fixed time deposits with maturity period over three months	–	881	–	881
	596,947	1,057,682	542,925	2,197,554

Financial liabilities	Financial liabilities at amortised cost USD'000	Total USD'000
Trade and other payables	181,126	181,126
Interest-bearing bank and other borrowings	2,570,917	2,570,917
Lease liabilities	23,156	23,156
Other non-current liabilities	44,630	44,630
	2,819,829	2,819,829

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46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2018

Financial assets	Financial assets at fair value through profit or loss USD'000	Amortised cost USD'000	Financial assets at fair value through other comprehensive income USD'000	Total USD'000
Financial assets at fair value through profit or loss	335,771	–	–	335,771
Financial assets at fair value through other comprehensive income	–	–	484,239	484,239
Trade receivables	–	63,057	–	63,057
Other non-current assets	–	10,478	–	10,478
Financial assets included in prepayments, other receivables and other assets	–	200,401	–	200,401
Pledged bank deposits	–	44,711	–	44,711
Restricted bank balances	–	19,294	–	19,294
Non-pledged fixed time deposits with maturity period over three months	–	15,318	–	15,318
Cash and bank balances	–	502,056	–	502,056
	335,771	855,315	484,239	1,675,325

Financial liabilities	Financial liabilities at amortised cost USD'000	Total USD'000
Trade and other payables	92,102	92,102
Interest-bearing bank and other borrowings	1,460,473	1,460,473
Lease liabilities	9,685	9,685
Other non-current liabilities	35,766	35,766
Redeemable convertible preference shares	296,778	296,778
	1,894,804	1,894,804

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The management is responsible for determining the policies and procedures for the fair value management of financial instruments. At each reporting date, the management analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

Management has assessed that the fair values of cash and bank balances, amounts due from related parties, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, amounts due to related parties, trade payables, and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted financial assets at fair value through profit or loss have been estimated based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprise mainly their investment properties whose fair values were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Therefore, management has determined that the net asset value of the investment funds represent fair value as at financial year end.

The summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the financial year is as follows.

	Valuation technique	Key unobservable input	Range	Sensitivity of the fair value to the input
Unlisted financial assets at fair value through profit or loss	Net asset value	Net asset value	2019: USD356,000 to USD638,960,000 2018: USD143,841 to USD63,969,088	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Investment in CCD at fair value	Discounted cash flow	Cost of equity	2019: 9.75% to 10.05% 2018: nil	The estimate fair value varies inversely against the rate

Notes to the Consolidated Financial Statements

31 December 2019

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Group

Assets measured at fair value

	Quoted prices in active market (Level 1) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
As at 31 December 2019			
Financial assets at fair value through profit or loss	1,494	595,453	596,947
Financial assets at fair value through other comprehensive income	542,925	–	542,925
	544,419	595,453	1,139,872
As at 31 December 2018			
Financial assets at fair value through profit or loss	–	335,771	335,771
Financial assets at fair value through other comprehensive income	484,239	–	484,239
	484,239	335,771	820,010

The movements in fair value measurements within Level 3 during the year are as follows:

	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
Financial assets at fair value through profit or loss — unlisted		
At 1 January	335,771	292,982
Total gain recognised in profit or loss included in other income	73,610	48,055
Distribution	(22,438)	–
Purchases	208,513	160,141
Disposal	–	(164,072)
Exchange realignment	(3)	(1,335)
	595,453	335,771

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Group (continued)

Assets measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	As at 31 December 2018 USD'000
Financial assets at fair value through other comprehensive income	
At 1 January	–
Purchases	132
Transfer from available-for-sale investment at cost	8,327
Disposal	(8,459)
	–

Liabilities measured at fair value

	As at 31 December 2018 USD'000
At 1 January	13,671
Total gain recognised in profit or loss	3,118
Transfer to other payables	(16,789)
	–

During the years ended 31 December 2019 and 2018, there were no transfers of fair values measurements into or out of Level 3 for financial liabilities.

Company

Assets measured at fair value

	Quoted prices In active market (Level 1) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
As at 31 December 2019			
Financial assets at fair value through other comprehensive income	34,348	–	34,348
As at 31 December 2018			
Financial assets at fair value through other comprehensive income	32,549	–	32,549

Notes to the Consolidated Financial Statements

31 December 2019

48. EVENTS AFTER THE REPORTING DATES

On 13 January 2020, the Group entered into a strategic partnership with Singapore's sovereign wealth fund GIC Pte. Ltd. ("GIC") to establish a joint venture with a total equity commitment of USD500 million which will focus on the development of institutional grade, state of-the-art logistics facilities in key cities across China.

On 17 February 2020, the Group announced an estimated JPY27 billion investment (equivalent to approximately USD245 million) to develop ESR Yatomi Kisosaki Distribution Centre ("ESR Yatomi Kisosaki DC") in Greater Nagoya, Japan.

In February 2020, the Company entered into a new facility agreement for a USD250 million three-year syndicated unsecured term loan with leading international banks at a rate of Libor plus 3.00%.

On 26 February 2020, the Company issued a SGD225 million (approximately USD166 million) of five-year fixed rate notes bearing 5.10% per annum which due in February 2025, pursuant to its USD2.0 billion Multicurrency Debt Issuance Programme.

On 20 March 2020, the Board announced that it intends to exercise the general mandate to repurchase shares of the Company (the "Shares") (the "Repurchase Mandate") granted by the Shareholders pursuant to resolutions of the Shareholders passed on 12 October 2019, to repurchase Shares in the open market from time to time (the "Share Repurchase"). The Share Repurchase will only be conducted after issuance of the Company's annual results. Pursuant to the Repurchase Mandate, the Board may repurchase up to 10% of the total number of Shares in issue immediately following completion of the Global Offering (as defined in the prospectus of the Company dated 22 October 2019).

49. UPDATE ON COVID-19

After the reporting period, there is an outbreak of COVID-19 in early 2020. The current COVID-19 situation is a fluid one and the Group is monitoring it closely. The well-being and safety of the Group's 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.

At present, there has been minimal disruption caused by COVID-19 to the Group's development and operating projects. In addition, the Group remains well-capitalised as at 31 December 2019, as well as new financings (as disclosed in Note 48) post financial year-end. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

Nonetheless, given the uncertainty around the continued spread and outbreak of the virus, it is difficult to predict how long these conditions will continue and the full extent to which ESR may be affected in the future. The Group will continue to be vigilant, maintain flexibility in the operations, proactively manages and reacts to its impacts on the financial position and operating results of the Group, as appropriate.

Notes to the Consolidated Financial Statements

31 December 2019

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2019 USD'000	As at 31 December 2018 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment		311	358
Financial assets at fair value through other comprehensive income		34,348	32,549
Investments in subsidiaries		698,150	629,822
Investment in a joint venture		248,563	220,180
Other intangible assets		296	432
Other non-current assets		2,734	–
Total non-current assets		984,402	883,341
CURRENT ASSETS			
Prepayments, other receivables and other assets		2,017,965	1,452,762
Cash and bank balances		458,969	230,546
Total current assets		2,476,934	1,683,308
CURRENT LIABILITIES			
Bank and other borrowings	26	149,998	339,691
Redeemable convertible preference shares		–	296,778
Trade payables, accruals and other payables		108,795	55,987
Income tax payable		994	993
Total current liabilities		259,787	693,449
NET CURRENT ASSETS		2,217,147	989,859
TOTAL ASSETS LESS CURRENT LIABILITIES		3,201,549	1,873,200
NON-CURRENT LIABILITIES			
Bank and other borrowings	26	817,875	–
Trade payables, accruals and other payables		495,000	495,000
Total non-current liabilities		1,312,875	495,000
NET ASSETS		1,888,674	1,378,200
EQUITY			
Issued capital		3,037	2,689
Perpetual capital securities		97,379	97,379
Equity components of redeemable convertible instruments		–	37,132
Other reserves	44	1,788,258	1,241,000
Total equity		1,888,674	1,378,200

Mr Jeffrey David Perlman
Director

Mr Jinchu Shen
Director

Notes to the Consolidated Financial Statements

31 December 2019

51. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 March 2020.

Independent Review Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

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To the shareholders of ESR Cayman Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 31 to 73, which comprises the condensed consolidated statement of financial position of ESR Cayman Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

27 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 (Unaudited) US$'000	 2019 (Audited) US$'000
REVENUE	3,4	197,641	155,763
Cost of sales		(60,611)	(41,808)
Gross profit		137,030	113,955
Other income and gains, net	4	168,794	165,425
Administrative expenses		(85,538)	(91,621)
Finance costs	6	(71,659)	(83,363)
Share of profits and losses of joint ventures and an associate, net		43,776	18,317
Profit before tax	5	192,403	122,713
Income tax expense	7	(47,747)	(38,636)
Profit for the period		144,656	84,077
Attributable to:			
Owners of the Company		132,993	75,950
Non-controlling interests		11,663	8,127
Profit for the period		144,656	84,077
Earnings per share attributable to ordinary equity holders of the Company	9		
Basic earnings per share		US$0.04	US$0.03
Diluted earnings per share		US$0.04	US$0.03

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (CONTINUED)

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Profit for the period	144,656	84,077
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(13,280)	(1,133)
Share of other comprehensive loss of joint ventures and an associate	(11,289)	(10,719)
	(24,569)	(11,852)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income	(69,945)	31,632
Other comprehensive (loss)/income for the period, net of tax	(94,514)	19,780
Total comprehensive income for the period	50,142	103,857
Attributable to:		
Owners of the Company	41,476	91,879
Non-controlling interests	8,666	11,978
	50,142	103,857

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		31,415	31,481
Right-of-use assets		15,116	11,831
Investments in joint ventures	10	910,505	697,996
Financial assets at fair value through profit or loss	11	611,234	589,417
Financial assets at fair value through other comprehensive income	12	533,574	542,925
Investment properties	13	2,585,779	2,785,926
Goodwill		340,243	340,243
Other intangible assets		89,064	92,958
Other non-current assets		33,281	39,811
Deferred tax assets		23,517	23,554
Total non-current assets		5,173,728	5,156,142
CURRENT ASSETS			
Trade and bills receivables	14	103,754	88,897
Prepayments, other receivables and other assets		298,634	129,022
Cash and bank balances		946,647	884,206
		1,349,035	1,102,125
Assets classified as held for sale		139,104	93,931
Total current assets		1,488,139	1,196,056
CURRENT LIABILITIES			
Bank and other borrowings	15	570,193	232,209
Lease liabilities		6,409	5,670
Trade payables, accruals and other payables	16	262,224	211,409
Income tax payable		13,068	18,431
		851,894	467,719
Liabilities directly associated with assets classified as held for sale		47,289	21,257
Total current liabilities		899,183	488,976
NET CURRENT ASSETS		588,956	707,080
TOTAL ASSETS LESS CURRENT LIABILITIES		5,762,684	5,863,222

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		233,863	211,286
Bank and other borrowings	15	2,284,422	2,338,708
Lease liabilities		9,480	17,486
Other non-current liabilities		45,834	44,630
Total non-current liabilities		2,573,599	2,612,110
NET ASSETS		3,189,085	3,251,112
EQUITY			
Equity attributable to owners of the Company			
Issued capital	22	3,050	3,037
Perpetual capital securities	24	–	97,379
Other reserves		2,978,736	2,925,838
		2,981,786	3,026,254
Non-controlling interests		207,299	224,858
TOTAL EQUITY		3,189,085	3,251,112

Mr Jeffrey David Perlman
Director

Mr Jinchu Shen
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company												
	Issued capital (note 22)	Share premium* (note 22)	Statutory reserve*	Merger reserve*	Share option reserve* (note 23)	Exchange fluctuation reserve*	Retained profits*	Investment reserve (non-recycling)*	Perpetual capital securities (note 24)	Other reserve*	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2020 (audited)	3,037	2,042,526	1,753	56,358	25,801	(132,622)	853,224	49,580	97,379	29,218	3,026,254	224,858	3,251,112
Profit for the period	-	-	-	-	-	-	132,993	-	-	-	132,993	11,663	144,656
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	(67,280)	-	-	(67,280)	(2,665)	(69,945)
Exchange differences on translation of foreign operations	-	-	-	-	-	(12,948)	-	-	-	-	(12,948)	(332)	(13,280)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(11,289)	-	-	-	-	(11,289)	-	(11,289)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(24,237)	132,993	(67,280)	-	-	41,476	8,666	50,142
Profit attributable to holders of perpetual capital securities (note 24)	-	-	-	-	-	-	(4,125)	-	4,125	-	-	-	-
Distribution paid to holders of perpetual capital securities (note 24)	-	-	-	-	-	-	-	-	(4,125)	-	(4,125)	-	(4,125)
Disposal of subsidiaries (note 18)	-	-	-	-	-	6,623	-	-	-	-	6,623	(1,969)	4,654
Contribution from non-controlling interests	-	-	-	-	-	-	(1,247)	-	-	-	(1,247)	4,267	3,020
Acquisition of non-controlling interests	-	-	-	-	-	-	(369)	-	-	-	(369)	(692)	(1,061)
Dividend distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(27,831)	(27,831)
Redemption of perpetual capital securities (note 24)	-	-	-	-	-	-	(1,221)	-	(97,379)	-	(98,600)	-	(98,600)
Share repurchased and cancellation (note 22)	(1)	(893)	-	-	-	-	-	-	-	-	(894)	-	(894)
Issue of shares upon exercise of share options (note 22)	14	17,350	-	-	(12,774)	-	-	-	-	-	4,590	-	4,590
Transfer of share option reserve upon the forfeiture of share option	-	-	-	-	(4)	-	4	-	-	-	-	-	-
Equity-settled share option arrangement	-	-	-	-	8,078	-	-	-	-	-	8,078	-	8,078
As at 30 June 2020 (unaudited)	3,050	2,058,983	1,753	56,358	21,101	(150,236)	979,259	(17,700)	-	29,218	2,981,786	207,299	3,189,085

* These balances amounted to US$2,978,736,000 (31 December 2019: US$2,925,838,000) were presented as "other reserves" in the consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Issued capital (note 22)	Share premium (note 22)	Statutory reserve	Merger reserve	Share option reserve (note 23)	Exchange Fluctuation reserve	Retained profits	Investment reserve (non-recycling)	Equity component of redeemable convertible preference shares	Perpetual capital securities (note 24)	Total		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
As at 1 January 2019 (audited)	2,689	1,370,398	935	56,358	25,341	(88,088)	588,788	(893)	37,132	97,379	2,090,039	227,883	2,317,922
Profit for the period	-	-	-	-	-	-	75,950	-	-	-	75,950	8,127	84,077
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	30,684	-	-	30,684	948	31,632
Exchange differences on translation of foreign operations	-	-	-	-	-	(4,036)	-	-	-	-	(4,036)	2,903	(1,133)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(10,719)	-	-	-	-	(10,719)	-	(10,719)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(14,755)	75,950	30,684	-	-	91,879	11,978	103,857
Transferred from retained profit	-	-	145	-	-	-	(145)	-	-	-	-	-	-
Profit attributable to holders of perpetual capital securities	-	-	-	-	-	-	(4,125)	-	-	4,125	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	(4,125)	(4,125)	-	(4,125)
Acquisition of subsidiaries	-	-	-	-	-	-	11,125	(11,125)	-	-	-	798	798
Disposal of subsidiaries	-	-	(724)	-	-	4,901	-	-	-	-	4,177	-	4,177
Contribution from non-controlling interests	-	-	-	-	-	-	21,220	-	-	-	21,220	47,570	68,790
Acquisition of non-controlling interests	-	-	-	-	-	-	(2,306)	-	-	-	(2,306)	(346)	(2,652)
Dividend distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(59,758)	(59,758)
Equity-settled share option arrangement	-	-	-	-	9,885	-	-	-	-	-	9,885	-	9,885
As at 30 June 2019 (audited)	2,689	1,370,398	356	56,358	35,226	(97,942)	690,507	18,666	37,132	97,379	2,210,769	228,125	2,438,894

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 (Unaudited) US$'000	2019 (Audited) US$'000
Cash flows from operating activities			
Profit before tax		192,403	122,713
Adjustments for:			
Depreciation of property, plant and equipment	5	1,547	2,063
Amortisation of other intangible assets	5	2,635	3,034
Depreciation of right-of-use assets	5	2,951	2,199
Fair value gains on financial assets and financial liabilities at fair value through profit or loss	4	(978)	(22,818)
Fair value gains on investment properties under construction	4	(99,708)	(76,761)
Fair value gains on completed investment properties	4	(26,063)	(26,800)
Loss on disposal of items of property, plant and equipment	5	53	316
Share of profits and losses of joint ventures and associates, net		(43,776)	(18,317)
Dilution of interests in investment in a joint venture	4	2,320	–
Equity-settled share option expense	5	8,078	9,885
Gain on remeasurement of investment in associate to fair value	4	–	(8,556)
Gains on disposal of subsidiaries	4	(5,494)	(16,495)
Finance costs	6	71,659	83,363
Interest income	4	(1,769)	(1,768)
Dividend income	4	(35,839)	(11,848)
		68,019	40,210
(Increase)/decrease in trade and bills receivables		(15,397)	11,197
Decrease/(increase) in prepayments, other receivables and other assets		17,539	(4,861)
Decrease in trade payables, accruals and other payables		(20,410)	(13,607)
Cash flows generated from operations		49,751	32,939
Income tax paid		(23,600)	(18,572)
Net cash flows generated from operating activities		26,151	14,367

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 (Unaudited) US$'000	2019 (Audited) US$'000
Cash flows used in investing activities			
Purchases of property, plant and equipment		(919)	(5,440)
Disposal of property, plant and equipment		38	–
Additions of other intangible assets		(20)	(719)
Additions of investment properties		(173,934)	(242,778)
Prepayments for acquiring land use rights		–	(4,324)
Increase in deposits for bidding of land use rights		–	(4,070)
Purchase of financial assets at fair value through profit or loss		(39,542)	(128,996)
Dividend income from financial assets at fair value through profits or loss		24,356	1,376
Distribution from financial assets at fair value through profits or loss		25,422	83,547
Purchase of financial assets designated at fair value through other comprehensive income		(64,748)	(37,289)
Dividend income from financial assets designated at fair value through other comprehensive income		8,158	10,432
Disposal of financial assets at fair value through other comprehensive income		–	96,463
Acquisition of subsidiaries	17	(16,211)	(444,980)
Disposal of subsidiaries	18	(16,068)	119,383
Proceeds from other financial instruments		1,494	–
Capital injection in joint ventures, net		(63,151)	(42,083)
Dividend income from associates		–	4,221
Addition to investment in associates		–	(126)
Advances to related parties		(21)	(5,673)
Prepayment from a joint venture relating to an asset held for sale		10,051	–
Repayment from a joint venture		59,485	–
Loans to directors of the Company	21	(9,200)	–
Release of non-pledged fixed time deposits with maturity period over three months		881	15,318
Interest received		1,627	1,768
Net cash flows used in investing activities		(252,302)	(583,970)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Audited)
	US$'000	US$'000
Cash flows from financing activities		
Proceeds from bank and other borrowings	599,044	1,606,607
Repayments of bank and other borrowings	(94,091)	(545,976)
Interest of bank and other borrowings paid	(73,680)	(42,711)
Increase in restricted cash	(42,155)	(2,766)
Proceeds from exercise of employee share options	4,590	–
Share repurchased	(894)	–
Interest of redeemable convertible preference shares paid	–	(6,869)
Acquisition of non-controlling interests	–	(2,652)
Capital contributions from non-controlling interests	3,020	68,790
Distribution paid to holders of perpetual capital securities	(4,125)	(4,125)
Redemption of perpetual capital securities, net	(98,600)	–
Increase in pledged bank deposits for bank loans	(198)	–
Proceeds from related parties	–	805
Dividend distributions to non-controlling interests	(26,721)	(59,758)
Principal portion of lease payments	(3,257)	(2,433)
Net cash generated from financing activities	262,933	1,008,912
Net increase in cash and cash equivalents	36,782	439,309
Cash and cash equivalents at beginning of year	826,682	502,056
Effect of foreign exchange rate changes, net	(12,215)	2,254
Cash and cash equivalents at end of period	851,249	943,619
Analysis of balances of cash and cash equivalents		
Cash and bank balances	946,647	1,010,390
Restricted bank balances	(63,193)	(22,060)
Pledged bank deposits	(45,998)	(44,711)
Cash and short term deposits attributable to the disposal group held for sale	13,793	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	851,249	943,619

Notes to Condensed Consolidated Financial Information

30 June 2020

1. CORPORATE INFORMATION

ESR Cayman Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 14 June 2011. The address of the registered office is c/o Walkers Corporate Limited, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company and its subsidiaries (together, the "Group") are principally engaged in logistics real estate development, leasing, management and fund management platforms in the Asia Pacific region.

2.1 BASIS OF PREPARATION

The condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. Disposal group held for sale is stated at the lower of its carrying amount and fair value less cost to sell. These financial statements are presented in US dollars, with values rounded to nearest thousand except when otherwise indicated.

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Notes to Condensed Consolidated Financial Information

30 June 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the Group's condensed consolidated financial information.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For fund management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) The investment segment is divided into three main categories: (i) properties that the Group holds on balance sheet, from which the Group derives total return, including rental income and appreciation in value, (ii) co-investments funds and investment vehicles and the real estate investment trusts ("REITs") the Group manages, from which the Group derives dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments.

(b) The fund management segment earns fee income for managing assets on behalf of the Group's capital partners via funds and investment vehicles. The Group's fees include base management fees, asset fund management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rate of return and after the Group's capital partners have received their targeted capital returns.

(c) The development segment earns development profit through the development, construction and sale of completed investment properties. The development profit includes construction income, fair value gains on investment properties under construction and gains on disposal of subsidiaries. The Group also derives pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles managed by the Group in proportion to Group's co-investments in those funds and investment vehicles.

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3. OPERATING SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, exchange differences, depreciation and amortisation, equity-settled share option expense, as well as corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Six months ended 30 June 2020			
	Investment (Unaudited) US$'000	Fund management (Unaudited) US$'000	Development (Unaudited) US$'000	Total (Unaudited) US$'000
Segment revenue	58,839	83,578	55,224	197,641
– Intersegment sales	–	95	–	95
	58,839	83,673	55,224	197,736
Reconciliation:				
Elimination of intersegment sales	–	(95)	–	(95)
Revenue from continuing operations	58,839	83,578	55,224	197,641
Operating expenses	(19,577)	(19,222)	(68,642)	(107,441)
Fair value gains on investment properties	26,063	–	99,708	125,771
Changes in fair value of financial assets and liabilities at fair value through profit or loss	(10,211)	–	11,189	978
Share of profits and losses of joint ventures, net	17,605	–	26,171	43,776
Gain on disposal of subsidiaries	–	–	5,494	5,494
Dilution of interests in investment in a joint venture	–	–	(2,320)	(2,320)
Dividend income	35,839	–	–	35,839
Segment result	108,558	64,356	126,824	299,738
Reconciliation:				
Depreciation and amortisation				(7,133)
Exchange gain				726
Interest income				1,769
Other unallocated gains				537
Corporate and other unallocated expenses				(23,497)
Finance costs				(71,659)
Equity-settled share option expense				(8,078)
Profit before tax from continuing operations				192,403
Other segment information:				
Depreciation and amortisation				(7,133)
Capital expenditure*				312,075
Investments in joint ventures				910,505

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3. OPERATING SEGMENT INFORMATION (continued)

	Six months ended 30 June 2019			
	Investment (Audited) US$'000	Fund management (Audited) US$'000	Development (Audited) US$'000	Total (Audited) US$'000
Segment revenue	56,318	61,784	37,661	155,763
– Intersegment sales	–	93	–	93
	56,318	61,877	37,661	155,856
Reconciliation:				
Elimination of intersegment sales	–	(93)	–	(93)
Revenue from continuing operations	56,318	61,784	37,661	155,763
Operating expenses	(13,387)	(12,467)	(51,305)	(77,159)
Fair value gains on investment properties	26,800	–	76,761	103,561
Changes in fair value of financial assets and liabilities at fair value through profit or loss	711	–	22,107	22,818
Share of profits and losses of joint ventures and an associate, net	17,034	557	726	18,317
Gain on disposal of subsidiaries	–	–	16,495	16,495
Dividend income	11,848	–	–	11,848
Segment result	99,324	49,874	102,445	251,643
Reconciliation:				
Depreciation and amortisation				(7,296)
Exchange loss				(1,761)
Interest income				1,768
Other unallocated gains				379
Corporate and other unallocated expenses				(28,772)
Finance costs				(83,363)
Equity-settled share option expense				(9,885)
Profit before tax from continuing operations				122,713
Other segment information:				
Depreciation and amortisation				(7,296)
Capital expenditure*				962,700
Investments in joint ventures				526,085

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary.

Notes to Condensed Consolidated Financial Information

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3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2020 (Unaudited) US$'000	2019 (Audited) US$'000
China	43,727	44,897
Japan	35,146	31,740
South Korea	18,667	15,581
Singapore	11,252	8,614
Australia	84,915	53,915
India	3,934	1,016
	197,641	155,763

The revenue information of continuing operations above is based on the locations of the assets.

(b) Non-current assets

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
China	2,185,228	1,862,772
Japan	1,023,358	958,131
South Korea	301,874	281,705
Singapore	124,580	137,885
Australia	324,983	721,024
India	45,380	38,729
	4,005,403	4,000,246

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the six months ended 30 June 2020 and 2019, no major customer information is presented in accordance with IFRS 8 Operating Segments.

Notes to Condensed Consolidated Financial Information

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4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Rental from investment property operating leases (note (i))	55,915	54,954
Management fee	83,578	61,784
Construction	55,224	37,661
Solar energy	2,924	1,364
Total	197,641	155,763

Timing of revenue recognition

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Rental from investment property operating leases	55,915	54,954
Point in time		
Management fee	18,400	13,962
Over time		
Management fee	65,178	47,822
Construction	55,224	37,661
Solar energy	2,924	1,364
	197,641	155,763

Note:

(i) Rental from investment property operating leases does not include variable lease payments that do not depend on an index or a rate.

Notes to Condensed Consolidated Financial Information

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4. REVENUE, OTHER INCOME AND GAINS, NET (continued)

(b) Other income and gains, net

	Notes	For the six months ended 30 June 2020 (Unaudited) US$'000	2019 (Audited) US$'000
Fair value gains on completed investment properties	13	26,063	26,800
Fair value gains on investment properties under construction	13	99,708	76,761
Changes in fair value of financial assets and liabilities at fair value through profit or loss		978	22,818
Gain on disposal of subsidiaries	18	5,494	16,495
Gain on remeasurement of an investment in an associate to fair value		–	8,556
Dilution of interests in investment in a joint venture		(2,320)	–
Dividend income		35,839	11,848
Interest income		1,769	1,768
Exchange gain		726	–
Others		537	379
		168,794	165,425

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

(a) Employee benefit expense

	For the six months ended 30 June 2020 (Unaudited) US$'000	2019 (Audited) US$'000
Wages and salaries (including directors' and chief executive's remuneration)	46,630	31,353
Equity-settled share option expense (note 23)	8,078	9,885
Pension scheme contributions	2,621	2,531
	57,329	43,769

Notes to Condensed Consolidated Financial Information

30 June 2020

5. PROFIT BEFORE TAX (continued)

The Group's profit before tax is arrived at after charging: (continued)

(b) Other items

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Construction cost*	54,401	36,978
Other tax expenses	5,713	4,608
Professional fees	5,032	19,910
Auditor's remuneration	725	442
Exchange losses	–	1,761
Depreciation of property, plant and equipment	1,547	2,063
Amortisation of other intangible assets	2,635	3,034
Depreciation of right-of-use assets	2,951	2,199
Loss on disposal of items of property, plant and equipment	53	316

* Construction costs for the six months ended 30 June 2020 and 2019 are included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Interest expense on bank loans	43,663	34,843
Interest expense on other borrowings (note (i))	3,160	12,231
Interest expense on bonds	29,115	11,102
Interest expense on lease liabilities	1,200	701
Interest on redeemable convertible preference shares (note (ii))	–	26,101
	77,138	84,978
Less: Interest capitalised	(5,479)	(1,615)
	71,659	83,363

Notes:

(i) For the six months ended 30 June 2019, interest expense on other borrowings included interest expense for US$300 million notes issued by the Company to Hana Private Real Estate Investment Trust No. 16 and No. 17 ("Hana Notes") amounted to US$10,388,000. The Company had fully repaid Hana Notes on 6 November 2019.

(ii) For the six months ended 30 June 2019, interest on redeemable convertible preference shares included dividend amounting to US$6,480,000, and costs associated with the equity element of the Class C Preference Shares amounting to US$19,621,000. The Company had redeemed in full previously unconverted Class C Preference Shares on 6 November 2019.

Notes to Condensed Consolidated Financial Information

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7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Current tax	18,237	17,577
Deferred tax	29,510	21,059
	47,747	38,636

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

During the period, Hong Kong profits tax was provided at the rate of 16.5% (30 June 2019: 16.5%) on the estimated assessable profits arising in Hong Kong.

During the period, subsidiaries incorporated in China are subject to China income tax at the rate of 25% (30 June 2019: 25%).

Taxes on estimated assessable profits elsewhere were calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2020 (30 June 2019: nil).

Notes to Condensed Consolidated Financial Information

30 June 2020

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares of 3,038,747,000 (30 June 2019: 2,688,920,000) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2020	**2019**
	(Unaudited)	**(Audited)**
	US$'000	**US$'000**
Earnings:		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	132,993	75,950
	'000	**'000**
Number of shares:		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	3,038,747	2,688,920
Share options	54,064	71,697
	3,092,811	2,760,617

Notes to Condensed Consolidated Financial Information

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10. INVESTMENTS IN JOINT VENTURES

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Share of net assets	857,649	697,994
Goodwill on retaining interests in joint ventures	2	2
	857,651	697,996
Shareholder loan to a joint venture	52,854	–
	910,505	697,996

Shareholder loan to a joint venture is unsecured and interest-free. It is part of capital commitment to the joint venture and is only repayable upon mutually agreed by all joint venture parties. Accordingly, the shareholder loan is considered as part of the Group's investments in the joint venture.

Particulars of the Group's material joint ventures are as follows:

Name	Share capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
e-Shang Star Cayman Limited ("e-Shang Star)	US$5,145,167	Cayman Islands	25.62%	33.33%	25.62%	Investment holding
Sunwood Star Pte. Ltd. ("Sunwood Star")	US$812,905,879	Singapore	20.00%	33.33%	20.00%	Investment holding
ESR Australia Logistics Partnership ("EALP")	A$329,500,000	Australia	55.00%	50.00%	55.00%	Investment holding

The joint ventures are accounted for using equity method.

Unanimous agreements from all joint venture parties are required for the above entities.

Investment in joint ventures with carrying amount of US$116,444,000 (31 December 2019: nil) were pledged to secure bank and other borrowings granted to the Group (note 15).

Notes to Condensed Consolidated Financial Information

30 June 2020

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Unquoted equity interests, at fair value[i]	611,234	589,417

Note:

(i) The fair value of these investments is estimated based on the Group's share of the net asset value of the investment funds and associates.

In accordance with the exemption in IAS 28 Investments in associates, the Group does not account for its investments in associates and joint venture using equity method if the Group acts as investment fund managers. Instead, the Group has elected to measure its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for associates and a joint venture.

Particulars of the material associates and a joint venture are summarised below:

Name of associates and joint venture	Principal activity	Country of incorporation/ registration	Effective ownership interest 30 June 2020 %	31 December 2019 %
Redwood Fujiidera Pte. Ltd.	Investment holding	Singapore	33.18	33.18
RW Midori-Ku Pte. Ltd.	Investment holding	Singapore	40.00	40.00
RW Noda Pte. Ltd.	Investment holding	Singapore	40.00	40.00
RW Chigasaki Pte. Ltd.	Investment holding	Singapore	20.10	20.10
Redwood Kawasaki Pte. Ltd.	Investment holding	Singapore	20.10	20.10
RW Moriya Pte. Ltd.	Investment holding	Singapore	20.10	20.10
ESR Japan Core Fund Limited Partnership	Investment holding	Singapore	29.10	29.10
ESR India Logistics Fund Pte. Ltd.[ii]	Investment holding	Singapore	50.00	100.00
Jiangsu Yitian Warehousing Service Co., Ltd.	Warehousing business	China	16.25	16.25
Taicang Mingzhan Logistics Company Limited	Warehousing business	China	16.25	16.25
Shanghai Fengyuan Logistic Co., Ltd.	Warehousing business	China	16.25	16.25

Note:

(ii) On 10 June 2020, ESR India Logistics Fund Pte Ltd completed 50% share allotment to the other joint venture partner.

Financial assets at fair value through profit or loss of US$41,776,000 (31 December 2019: nil) were pledged to secure bank and other borrowings granted to the Group (note 15).

Notes to Condensed Consolidated Financial Information

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Listed equity investments, at market value	533,574	542,925

Listed equity investments at fair value represent the Group's investments in publicly listed companies and REITs, which are quoted in an active market.

During the period, the loss in respect of the Group's listed equity investments recognised in other comprehensive loss amounted to US$69,945,000 (30 June 2019: gain of US$31,632,000).

During the period, the dividend income in respect of the Group's listed equity investments amounted to US$10,196,000 (30 June 2019: US$10,472,000).

The listed equity investments comprise:

Listed on	Fair value as at 30 June 2020 (Unaudited) US$'000
Australian Securities Exchange ("ASX")	
• Investment A	119,090
Hong Kong Exchanges and Clearing Limited ("HKEX")	
• Investment B	189,839
Singapore Exchange Securities Trading Limited ("SGX")	
• Investment C	92,657
• Investment D	76,682
• Investment E	55,306

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Listed equity investments at market value with fair value of US$237,844,000 as at 30 June 2020 (31 December 2019: US$205,505,000) had been pledged to secure bank and other borrowings granted to the Group (note 15).

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13. INVESTMENT PROPERTIES

	Completed investment properties US$'000	Investment properties under construction US$'000	Total US$'000
At 1 January 2019 (audited)	1,583,059	302,443	1,885,502
Additions	56,555	472,869	529,424
Acquisition of subsidiaries	767,380	7,155	774,535
Changes in fair values of investment properties	68,568	157,515	226,083
Transfer from investment properties under construction to completed investment properties	101,598	(101,598)	–
Transfer from completed investment properties to investment properties under construction for redevelopment	(392,285)	392,285	–
Reclassification to asset held for sale	(83,519)	–	(83,519)
Disposal of subsidiaries	(276,711)	–	(276,711)
Disposal	(231,110)	–	(231,110)
Exchange realignment	(34,783)	(3,495)	(38,278)
At 31 December 2019 (audited) and 1 January 2020	1,558,752	1,227,174	2,785,926
Additions	18,978	167,971	186,949
Acquisition of subsidiaries (note 17)	87,648	36,539	124,187
Changes in fair values of investment properties	26,063	99,708	125,771
Transfer from investment properties under construction to completed investment properties	5,816	(5,816)	–
Reclassification to asset held for sale	–	(42,281)	(42,281)
Disposal of subsidiaries (note 18)	(464,081)	(137,263)	(601,344)
Exchange realignment	(5,471)	12,042	6,571
At 30 June 2020 (unaudited)	1,227,705	1,358,074	2,585,779

(a) All completed investment properties and investment properties under construction of the Group were revalued at 30 June 2020 based on valuation performed by independent professionally qualified valuers, Beijing Colliers International Real Estate Valuation Co., Ltd., CBRE Valuation Pty Limited and Cushman & Wakefield K.K. at fair value. They are industry specialists in investment property valuation.

In determining fair value, a combination of approaches and methods were used, including the Direct Comparison Method and Discounted Cash Flow Method. The Direct Comparison Method is applied based on the market prices of comparable properties. Comparable properties with similar sizes, characters and locations were analysed, and weighted against relevant factors to arrive at the fair value of the property. The Discounted Cash Flow Method measures the value of a property by the present worth of the net economic benefit to be received over the life of the asset.

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13. INVESTMENT PROPERTIES (continued)

(b) Completed investment properties leased out under operating leases

The Group leases out completed investment properties under operating lease arrangements. All leases run for a period of one to ten years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from completed investment properties are as follows:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Within one year	70,791	103,453
After one year but within two years	57,412	89,430
After two years but within three years	35,121	68,636
After three years but within four years	17,105	43,894
After four years but within five years	4,722	27,326
After five years	2,071	59,130
	187,222	391,869

(c) Certain of the Group's completed investment properties and investment properties under construction with a fair value of US$2,194,577,000 (31 December 2019: US$1,899,602,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 15.

(d) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	For the six months ended 30 June	
	2020 (Unaudited) US$'000	2019 (Audited) US$'000
Significant observable inputs (Level 2)	75,456	44,790
Significant unobservable inputs (Level 3)	2,510,323	2,611,717
	2,585,779	2,656,507

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 (30 June 2019: nil).

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13. INVESTMENT PROPERTIES (continued)

(d) Fair value hierarchy (continued)

The movement in fair value measurements within Level 3 during the six months ended 30 June 2020 and 2019 are as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Audited)
	US$'000	US$'000
At 1 January	2,552,837	1,865,300
Additions	152,127	245,545
Acquisition of subsidiaries	96,035	672,022
Changes in fair value of investment properties	117,777	98,316
Transfer from Level 2 to Level 3	212,115	–
Reclassification to asset held for sale	(42,281)	–
Disposal of subsidiaries	(585,075)	(276,711)
Exchange realignment	6,788	7,245
At 30 June	2,510,323	2,611,717

The valuation of investment properties categorised within Level 2 of the fair value hierarchy are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

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13. INVESTMENT PROPERTIES (continued)

(d) Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key unobservable inputs to the valuation of investment properties categorised within Level 3 of the fair value hierarchy:

Investment property details	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warehouse properties	Income capitalisation	**Capitalisation rate:** China: 5.70% to 7.10% (2019: 5.25% to 6.50%) Japan: 4.10% to 4.40% (2019: 4.20% to 4.50%) Australia: 5.25% to 7.75% (2019: 5.25% to 7.75%)	The estimated fair value varies inversely against the capitalisation rate
	Discounted cash flow	**Discount rate:** China: 8.5% to 9.25% (2019: 8.5% to 9.0%) Japan: 3.90% to 4.20% (2019: 3.90% to 4.50%) Australia: 5.75% to 8.00% (2019: 5.75% to 8.00%)	The estimated fair value varies inversely against the discount rate
		Terminal capitalisation rate: China: 5.25% to 6.50% (2019: 5.25% to 6.50%) Japan: 4.20% to 4.50% (2019: 4.20% to 4.50%) Australia: 5.25% to 7.75% (2019: 5.25% to 7.75%)	The estimated fair value varies inversely against the terminal capitalisation rate

Notes to Condensed Consolidated Financial Information

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14. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade and bills receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at 30 June 2020 and 31 December 2019, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Within 90 days	95,996	81,069
91 to 180 days	3,701	4,324
Over 180 days	4,057	3,504
Total	103,754	88,897

15. BANK AND OTHER BORROWINGS

	30 June 2020			31 December 2019		
	Effective interest rate(%)	Maturity	US$'000 (Unaudited)	Effective interest rate(%)	Maturity	US$'000 (Audited)
Current						
Bank loans – secured	0.20-5.88	2020-2021	370,677	0.20-5.88	2020	37,631
Bank loans – unsecured	4.35	2021	152,750	3.60	2020	148,998
Other borrowings – unsecured	12.00	2020	46,766	12.00	2020	45,580
			570,193			232,209
Non-current						
Bank loans – secured	0.49-5.88	2021-2036	1,082,458	0.20-6.77	2021-2036	1,538,128
Bank loans – unsecured	3.31	2022-2023	346,479	4.80	2022	99,053
Other borrowings – secured	9.00	2023	18,399	9.00	2023	18,548
Other borrowings – unsecured	10.00	2024	5,562	10.00	2024	5,607
Bonds – unsecured	5.10-7.875	2022-2025	831,524	6.75-7.875	2022	677,372
			2,284,422			2,338,708
			2,854,615			2,570,917

Notes to Condensed Consolidated Financial Information

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15. BANK AND OTHER BORROWINGS (continued)

Debt maturity profile of bank and other borrowings:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Bank loans repayable		
Within one year	523,427	186,629
In the second year	571,872	691,754
In the third to fifth year, inclusive	659,245	796,396
Beyond five years	197,820	149,031
	1,952,364	1,823,810
Bonds and other borrowings repayable		
Within one year	46,766	45,580
In the second year	671,950	–
In the third to fifth year, inclusive	183,535	701,527
	902,251	747,107
	2,854,615	2,570,917

Notes:

(a) As at 30 June 2020, certain of the Group's completed investment properties and investment properties under construction in total fair value of US$2,194,577,000 (31 December 2019: US$1,899,602,000), property, plant and equipment with a carrying amount of US$26,480,000 (31 December 2019: US$26,546,000), pledged bank deposits with an amount of US$45,998,000 (31 December 2019: US$45,800,000), listed equity interests at market value with a fair value of US$237,844,000 (31 December 2019: US$205,505,000), investments in joint ventures with carrying amount of US$116,444,000 (31 December 2019: nil), financial assets at fair value through profit or loss US$41,776,000 (31 December 2019: nil), and equity interests of certain subsidiaries were pledged to secure bank and other borrowings granted to the Group.

Notes to Condensed Consolidated Financial Information

30 June 2020

16. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Trade payables, accruals and other payables balance comprise of:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Trade payables	5,443	12,837
Accruals and other payables	256,781	198,572
Total	262,224	211,409

An aging analysis of the trade payables as at 30 June 2020 and 31 December 2019, based on the invoice date, is as follows:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Within 30 days	743	1,319
31 to 60 days	1,147	8,174
Over 60 days	3,553	3,344
Total	5,443	12,837

The amounts due to related parties are non-trade in nature, unsecured, interest-free and payable on demand.

Notes to Condensed Consolidated Financial Information

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17. BUSINESS COMBINATION

Acquisition of subsidiaries that are not business

The Group acquired the following subsidiaries during the six months ended 30 June 2020 for a total consideration of US$60,775,000:

Name of subsidiaries acquired	Equity interest acquired	Month of acquisition
Chung-Kang Steel Structure (Kunshan) Co., Ltd.	100%	May 2020
Jurong Xiexin Yuncang Technology Co., Ltd.	100%	June 2020
Xuzhou Xiexin Yuncang Logistics Technology Development Co., Ltd.	100%	June 2020

On the acquisition date, there were no other material assets and liabilities other than those disclosed in the table below. The transactions were accounted for as an assets acquisitions.

	Net assets acquired US$'000
Net assets acquired:	
Cash and bank balances	1,972
Trade receivables	2,662
Prepayments, other receivables and other assets	34,637
Investment properties	124,187
Bank and other borrowings	(58,636)
Trade payables, accruals and other payables	(44,047)
	60,775
Satisfied by:	
Cash	18,183
Receivable from previous shareholder of the acquired subsidiary	(30,429)
Consideration payable	73,021
	60,775

An analysis of the cash flows in respect of the acquisition of subsidiaries are as follows:

	Cashflow on acquisition US$'000
Cash consideration	(18,183)
Cash and bank balances acquired	1,972
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(16,211)

Notes to Condensed Consolidated Financial Information

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18. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2020, the Group through its wholly-owned subsidiaries, Gamma Offshore Holdings (BVI) Limited and Destiny offshore Holdings (BVI) Limited, entered into certain agreements with a joint venture of the Group to dispose of 100% interests in three operating subsidiaries namely Jieyang Yian Warehousing Services Co., Ltd., Wenzhou Yirui Warehousing Services Co., Ltd., and Pinghu Yixing Warehousing Services Co., Ltd.; 95% interests of Qingyuan Anqing Information Technology Development Co., Ltd., a subsidiary; and 90% interests of Fujian Pingfu Technology Development Company Limited, a subsidiary.

	US$'000
Net assets disposed of:	
Cash and bank balances	21,601
Prepayments, trade and other receivables and other assets	5,163
Investment properties	92,864
Deferred tax assets	329
Trade payables, accruals, other payables and income tax payable	(107,414)
Deferred tax liabilities	(4,590)
Non-controlling interests	(1,969)
	5,984
Exchange fluctuation reserve	6,623
Gain on disposal of subsidiaries	5,494
	18,101
Satisfied by:	
Cash	19,812
Consideration payable	(1,711)
	18,101

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	US$'000
Cash consideration	19,812
Cash and bank balances of disposed subsidiaries	(21,601)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(1,789)

* Subsequent to the disposal, the Group holds 51% interest in the disposed subsidiaries, which is accounted as investment in joint venture.

Notes to Condensed Consolidated Financial Information

30 June 2020

18. DISPOSAL OF SUBSIDIARIES (continued)

During the six months ended 30 June 2020, the Group has, through its wholly-owned subsidiary ESR Queensland Hold Trust, entered into an agreement with a global institutional investor to dispose of the 45% interests in a subsidiary, which is ESR Australia Logistics Partnership.

	US$'000
Net assets disposed of:	
Cash and bank balances	14,279
Prepayments, trade and other receivables and other assets	1,458
Investment properties	508,480
Trade payables, accruals, other payables and income tax payable	(13,758)
Bank and other borrowings	(270,588)
Lease liabilities	(11,494)
	228,377
Gain on disposal of subsidiaries	–
	228,377
Satisfied by:	
Consideration receivable+	102,770
Investments in joint venture*	125,607
	228,377

\+ Received in July 2020.
* Subsequent to the disposal, the Group holds 55% interest in the disposed subsidiary, which is accounted as investment in joint venture.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	US$'000
Cash consideration	–
Cash and bank balances of disposed subsidiaries	(14,279)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(14,279)

19. CONTINGENT LIABILITIES

As at 30 June 2020, neither the Group nor the Company had any significant contingent liabilities.

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20. COMMITMENTS

(a) Operating lease commitments

As lessor

The Group leases out its completed investment properties under operating lease arrangements on terms ranging from one to ten years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 30 June 2020 and 31 December 2019, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as stated in note 13.

(b) Capital commitments

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Contracted, but not provided for investment properties	275,843	377,558
Authorised, but not contracted for investment properties	–	10,855
Undrawn capital calls to real estate investment funds	844,046	360,179
	1,119,889	748,592

21. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial information, the Group had the following material transactions with related parties during the six months ended 30 June 2020 and 2019:

(a) Transactions with related parties:

	For the six months ended 30 June	
	2020 (Unaudited) US$'000	2019 (Audited) US$'000
Associates:		
– Management fee income (note(i))	7,509	1,839
Joint ventures:		
– Management fees income (note(i))	16,986	10,786
– Advances to joint ventures (note(ii))	(21)	(4,408)
– Advances from joint ventures (note(ii))	–	805
– Prepayment from a joint venture relating to an asset held for sale (note(iii))	10,051	–
– Repayment from a joint venture (note (iv))	59,485	–
– Construction revenue	24,678	–
Directors:		
– Loan to Directors (note 21(d))	9,200	–
– Interest receivables from Directors (note 21(d))	142	–

Notes to Condensed Consolidated Financial Information

30 June 2020

21. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties: (continued)

Notes:

(i) The Group and its subsidiaries entered into agreements with joint ventures (including their operating subsidiaries) and some associates in provisions of management services, which comprised the followings:

a) Land acquisition fee at certain percentage of the net land cost;

b) Development fee at certain percentage of total budget of project development cost during the construction period;

c) Asset management fee at certain percentage of the aggregate costs of the project before stabilisation or fair value after stabilisation; and

d) Leasing fee in respect of each new lease entered into.

(ii) Advances to/from joint ventures are unsecured, interest-free and repayable on demand. The maximum amounts due from related parties outstanding during the six months ended 30 June 2020 is US$54,468,000 (30 June 2019: US$11,513,000).

(iii) During the six months ended 30 June 2020, the Group through its subsidiary Gamma Offshore Holdings (BVI) Limited, received prepaid consideration from a joint venture of the Group for disposal of 100% interest in Xian Yihong Warehousing Services Co., Ltd ("Xian Yihong"). The assets and liabilities relating to Xian Yihong are included in asset held for sale and liabilities held for sale balances as of 30 June 2020. The disposal was completed after 30 June 2020.

(iv) During the six months ended 30 June 2020, the Group received repayment of USD59,485,000 from the disposed subsidiaries (note 18) which are now a joint venture of the Group. The amount was paid to the Group after disposal was completed.

(b) Commitments with related parties

The Group expects total capital commitment to associates and joint ventures to be US$18,918,000 and US$664,422,000, respectively.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020 (Unaudited) US$'000	2019 (Audited) US$'000
Short term employee benefits	3,312	2,600
Post-employment benefits	6	16
Share based payment	2,812	3,309
Total compensation paid to key management personnel	6,130	5,925

Notes to Condensed Consolidated Financial Information

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21. RELATED PARTY TRANSACTIONS (continued)

(d) Loans to Directors

Loans to Directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 1 January 2019 US$'000	Maximum amount outstanding during the period US$'000	At 31 December 2019 and 1 January 2020 US$'000	Maximum amount outstanding during the period US$'000	At 30 June 2020 US$'000
Mr. Stuart Gibson	–	–	–	4,600	4,600
Mr. Charles Alexander Portes	–	–	–	4,600	4,600

Loans granted to directors bear interest at 5.5% per annum, unsecured and repayable in year 2021. Loans to Directors and related interest receivables were included in prepayments, other receivables and other assets balance as of 30 June 2020.

22. SHARE CAPITAL

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Authorised number of shares	8,000,000,000	8,000,000,000

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Issued and fully paid	3,050	3,037

Notes to Condensed Consolidated Financial Information

30 June 2020

22. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital US$'000	Share premium account US$'000	Total US$'000
At 1 January 2019 (audited)	2,688,919,875	2,689	1,370,398	1,373,087
Share options exercised (note (i))	18,452,806	19	7,584	7,603
Conversion of redeemable convertible preference shares (note (ii))	49,071,962	49	75,498	75,547
Issue of new shares pursuant to Global Offering (note (iii))	280,140,000	280	601,004	601,284
Share issue expenses (note (iii))	–	–	(11,958)	(11,958)
At 31 December 2019 (audited) and 1 January 2020	3,036,584,643	3,037	2,042,526	2,045,563
Share options exercised (note (iv))	14,185,966	14	17,350	17,364
Share repurchased and cancellation (note (v))	(536,400)	(1)	(893)	(894)
At 30 June 2020 (unaudited)	3,050,234,209	3,050	2,058,983	2,062,033

Notes:

(i) 18,452,806 share options were exercised at the exercise price of US$0.46 per share (note 23), resulting in the issue of 18,452,806 shares for a total cash consideration, before expenses, of US$19,000. An amount of US$7,603,000 was transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

(ii) 32,714,642 and 16,357,320 redeemable convertible preference shares were converted to ordinary shares on 18 September 2019 and 1 November 2019 respectively.

(iii) On 1 November 2019, the Company issued a total of 280,140,000 ordinary shares of US$0.001 each at HK$16.8 per share by way of Global Offering. The expenses attributable to the issue of shares of approximately US$11,958,000 were recognised in the share premium account of the Company. On the same date, the Company's shares were listed on the Main Board of the Hong Kong Stock Exchange.

(iv) 14,185,966 shares were issued by the Company for a total cash consideration, before expenses, of US$4,590,000 in satisfaction of 17,435,218 share options exercised in the six months ended 30 June 2020 at the exercise price of US$0.68 per share and 5,704,593 share options exercised in 2019 at the exercise price of USD0.66 per share (note 23). An amount of US$12,774,000 was transferred from the share option reserve to share capital and share premium upon the exercise of the share options.

(v) The Company repurchased 536,400 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US$894,000. The repurchased shares have been cancelled and the amount paid for the purchase of the shares has been charged to share capital and share premium.

Notes to Condensed Consolidated Financial Information

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23. SHARE OPTION PLAN

The following share options were outstanding under the share option plans including KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme (the "Plans") during the six months ended 30 June 2020:

	Weighted average exercise price US$	Number of options '000
At 1 January 2020		82,174
Granted during the period		–
Forfeited during the period	1.52	(16)
Exercised during the period	0.68	(17,435)
At 30 June 2020 (unaudited)		64,723

The weighted average share price at the date of exercise for share options exercised during the six months ended 2020 was HK$16.86 per share.

The exercise prices and exercise periods of the share options outstanding as at 30 June 2020 and 31 December 2019 are as follows:

Number of options ('000)		Exercise price	
30 June 2020	31 December 2019	(US$ per share)	Exercise period
3,189	4,189	0.2520	01-02-19 to 31-01-24
24,700	24,700	0.4600	20-04-17 to 20-01-26
27,832	11,837	0.9445	01-01-23* to 31-12-27
3,167	35,157	0.4722	01-01-23* to 22-02-29
873	873	1.1453	16-08-23* to 15-08-28
1,099	1,098	1.3655	16-02-24* to 25-02-29
3,863	4,320	1.5172	16-02-24* to 25-02-29
64,723	82,174		

* Participants will have an unconditional right to exercise an option to the extent that it is vested after the earliest of the followings:

a) an IPO;

b) an Early Vesting Event;

c) 5 years of the date of grant.

If there is (i) a sale of all or substantially all of the shares in; or (ii) a disposal of all or substantially all of the business of the member of the Group of which a participant is a director or by which the participant is employed, as appropriate, by way of trade sale or by way of sale to a third party (an "Early Vesting Event"), any options granted to the participant will vest in full on the occurrence of the Early Vesting Event.

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23. SHARE OPTION PLAN (continued)

There are no granted share options during the six months ended 30 June 2020.

The 17,435,218 share options exercised during the six months ended 30 June 2020 and 5,704,593 share options exercised during 2019 resulted in the issue of 14,185,966 ordinary shares of the Company during the six months ended 30 June 2020.

At the 30 June 2020, the Company had 64,723,000 share options outstanding under the Plans. The exercise in full of the outstanding share options by conventional exercise method would, under the present capital structure of the Company, result in the issue of 64,723,000 additional ordinary shares of the Company and additional share capital and share premium of US$48,309,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 64,723,000 share options outstanding under the Plans, which represented approximately 2.12% of the Company's shares in issue as at that date.

24. PERPETUAL CAPITAL SECURITIES

On 7 June 2017, the Company issued subordinated perpetual capital securities with aggregate net proceeds equivalent to US$98,845,000. The perpetual capital securities was fully redeemed on 7 June 2020. Movements of the perpetual capital securities are as follows:

	Principal US$'000	Distribution US$'000	Total US$'000
At 1 January 2019 (audited)	97,379	–	97,379
Profit attributable to holders of perpetual capital securities	–	8,250	8,250
Distribution to holders of perpetual capital securities	–	(8,250)	(8,250)
At 31 December 2019 (audited) and 1 January 2020	97,379	–	97,379
Profit attributable to holders of perpetual capital securities	–	4,125	4,125
Distribution to holders of perpetual capital securities	–	(4,125)	(4,125)
Redemption of perpetual capital securities	(97,379)	–	(97,379)
At 30 June 2020 (unaudited)	–	–	–

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25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2020 and 31 December 2019 are as follow:

30 June 2020

Financial assets	Financial assets at fair value through profit or loss (Unaudited) US$'000	Financial assets at amortised cost (Unaudited) US$'000	Financial assets at fair value through other comprehensive income (Unaudited) US$'000	Total (Unaudited) US$'000
Financial assets at fair value through profit or loss	611,234	–	–	611,234
Financial assets at fair value through other comprehensive income	–	–	533,574	533,574
Trade and bills receivables	–	103,754	–	103,754
Other non-current assets	5,982	19,553	–	25,535
Financial assets included in prepayments, other receivables and other assets	–	258,702	–	258,702
Pledged bank deposits	–	45,998	–	45,998
Restricted bank balances	–	63,193	–	63,193
Cash and bank balances	–	837,456	–	837,456
	617,216	1,328,656	533,574	2,479,446

Financial liabilities	Financial liabilities at amortised cost (Unaudited) US$'000	Total (Unaudited) US$'000
Financial liabilities included in trade payables, accruals and other payables	228,372	228,372
Interest-bearing bank and other borrowings	2,854,615	2,854,615
Lease liabilities	15,889	15,889
Other non-current liabilities	45,834	45,834
	3,144,710	3,144,710

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25. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2019

Financial assets	Financial assets at fair value through profit or loss (Audited) US$'000	Financial assets at amortised cost (Audited) US$'000	Financial assets at fair value through other comprehensive income (Audited) US$'000	Total (Audited) US$'000
Financial assets at fair value through profit or loss	589,417	–	–	589,417
Financial assets at fair value through other comprehensive income	–	–	542,925	542,925
Trade receivables	–	88,897	–	88,897
Other non-current assets	6,036	10,542	–	16,578
Financial assets included in prepayments, other receivables and other assets	1,494	74,037	–	75,531
Pledged bank deposits	–	45,800	–	45,800
Restricted bank balances	–	21,038	–	21,038
Cash and bank balances	–	816,487	–	816,487
Non-pledged fixed time deposits with maturity period over three months	–	881	–	881
	596,947	1,057,682	542,925	2,197,554

Financial liabilities	Financial liabilities at amortised cost (Audited) US$'000	Total (Audited) US$'000
Financial liabilities included in trade payables, accruals and other payables	181,126	181,126
Interest-bearing bank and other borrowings	2,570,917	2,570,917
Lease liabilities	23,156	23,156
Other non-current liabilities	44,630	44,630
	2,819,829	2,819,829

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The management is responsible for determining the policies and procedures for the fair value management of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Group reviews with independent valuers on valuation inputs every half yearly, in line with its half year and annual reporting dates.

Management has assessed that the fair values of cash and bank balances, amounts due from related parties, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, amounts due to related parties, trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted financial assets at fair value through profit or loss have been estimated based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprise mainly their investment properties whose fair values were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Therefore, management has determined that the net asset value of the investment funds represent fair value as at periods end.

The summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019 is as follows.

	Valuation technique	Key unobservable input	Range	Sensitivity of the fair value to the input
Unlisted financial assets at fair value through profit or loss	Net asset value	Net asset value	2020: US$411,000 to US$534,669,000 2019: US$356,000 to US$638,960,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Investment in CCD at fair value	Discounted cash flow	Cost of equity	2020: 9.75% to 10.59% 2019: 9.75% to 10.05%	1% increase (decrease) in cost of equity would result in (decrease) increase in estimated fair value by 0.007%

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26. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Quoted prices in active market (Level 1) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
30 June 2020 (unaudited)			
Financial assets at fair value through profit or loss	–	617,216	617,216
Financial assets at fair value through other comprehensive income	533,574	–	533,574
	533,574	617,216	1,150,790
31 December 2019 (audited)			
Financial assets at fair value through profit or loss	1,494	595,453	596,947
Financial assets at fair value through other comprehensive income	542,925	–	542,925
	544,419	595,453	1,139,872

The movements in fair value measurements within Level 3 during the period are as follows:

	30 June 2020 (Unaudited) US$'000	31 December 2019 (Audited) US$'000
Financial assets at fair value through profit or loss – unlisted		
At 1 January	595,453	335,771
Total gain recognised in profit or loss included in other income	989	73,610
Interest receivable	276	–
Distribution	(25,422)	(22,438)
Purchases	39,509	208,513
Exchange realignment	6,411	(3)
	617,216	595,453

During the six months ended 30 June 2020, there were no transfers of fair values measurements into or out of Level 3 for financial liabilities.

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27. EVENTS AFTER THE REPORTING DATES

On 6 July 2020, the Group completed disposal of four institutional-grade logistics properties from Redwood China Logistics Fund and Redwood Phoenix China Investment Fund Pte Ltd to a newly established joint venture between ESR and Manulife, for approximately RMB1.7 billion (equivalent to US$243 million).

On 6 August 2020, the Group completed disposal of ESR Kuki Distribution Centre from Redwood Japan Logistics Fund II ("RJLF II") to a newly established joint venture between ESR and AXA Investment Managers – Real Assets, for approximately JPY39 billion (equivalent to US$368 million).

28. APPROVAL OF THE FINANCIAL INFORMATION

The condensed consolidated financial information was approved and authorised for issue by the board of directors on 27 August 2020.

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