

**ESR delivers strong financial performance in FY2020
and hits US\$30 billion in AUM a year ahead of schedule**

- *AUM grew by 35.3% to an all-time high of US\$30 billion*
- *Record capital raising with seven new funds raising US\$3.5 billion across key markets*
- *Record leasing of over 2.3 million sqm*
- *Record new completions of US\$3.4 billion and record new development starts of US\$3.2 billion*
- *PATMI up 16.8% to a record high of US\$286 million*
- *Strong balance sheet with US\$1.5 billion in cash and net debt / total assets of 23.2%*

HONG KONG, 25 March 2021 – ESR Cayman Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), the largest APAC focused logistics real estate platform, today announced its results for the financial year ended 31 December 2020 (“FY2020”).

Revenue for the year was US\$388 million, up 8.7% from US\$357 million in FY2019. PATMIⁱ recorded a record high of US\$286 million, representing 16.8% growth from US\$245 million in FY2019. Core PATMI increased 14.7% to US\$260 million, compared with US\$227 million in FY2019.

The Group’s balance sheet and cash position remained robust. The Group had US\$1.5 billion in cash as of 31 December 2020, representing a 71.4% increase from US\$884 million in FY2019. Net debt to total assets declined by 3.4 pp to 23.2%.

	FY2020 US\$ million	FY2019 US\$ million	Year-on-Year Change (%)
Revenue	388	357	8.7
PATMIⁱ	286	245	16.8
Core PATMIⁱⁱ	260	227	14.7
Adjusted EBITDAⁱⁱⁱ	366	359	2.0
AUM	29,880	22,137	35.3

Notes

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

Jeffrey Perlman, Chairman of ESR, said, “ESR has continued its strong momentum and delivered outstanding performance in FY2020 despite the unprecedented challenges brought on by the global pandemic. COVID-19 has actually accelerated one of the major secular trends underpinning our business – the growth of e-commerce where ESR is at the heart of the central nervous system delivering the core ‘new economy’ infrastructure to our best-in-class clients. With that favourable backdrop, 2020 was a year of records for ESR, including new highs in leasing, fundraising, development starts and development completions. Our strong financial results and operational excellence have demonstrated not only our resilience, but also the strength and power of our business model.

Having witnessed sustained strong capital inflows and leasing demand, the logistics market has solidified its position as the preferred real estate asset class in Asia. We expect e-commerce acceleration and supply chain transformation to continue to benefit ESR as we extend the platform deeper into our existing markets as well as into new markets over the next 12 months. While we continue our focus on sustainable growth, it is also extremely important for ESR to constantly drive positive impact on the industry and create a purpose-driven culture for the communities where we operate. In summary, we strive to be a leader in ESG and the Board and senior management remain steadfast in achieving our ambitious 2025 ESG goals.”

Exceptional platform growth underpinned by strong fundraising

Supported by strong fundraising capabilities across multiple markets, the Group’s AUM grew significantly by 35.3% to US\$29.9 billion, achieving its target of US\$30 billion a year ahead of schedule.

Capital allocation of investors is increasingly skewed towards funds focused on logistics due to e-commerce acceleration. In FY2020, ESR raised a record US\$3.5 billion in committed capital across seven new funds, demonstrating the strong support of its blue-chip institutional capital partners. The new vehicles included:

- three development joint ventures (US\$500 million in China, US\$759 million in Australia and US\$300 million in India) and one core-plus partnership (US\$456 million in Australia) with GIC¹
- a US\$1 billion development joint venture with APG and CPP Investments in South Korea;
- a core joint venture with Manulife in China (US\$265 million); and
- a separate account of US\$264 million with AXA in Japan.

Based on the latest fundraising initiatives, there was over US\$3.7 billion worth of committed but uncalled capital in ESR’s third-party funds as of 31 December 2020.

In addition to private vehicles, ESR successfully listed ESR Kendall Square REIT on the Korea Exchange in December 2020 and raised US\$650 million in new capital. As the first logistics focused REIT in South Korea, ESR Kendall Square REIT received overwhelming response from both international and domestic investors. The listing has facilitated the further scaling up of the Group’s integrated platform of public and private vehicles to accelerate long-term growth.

ESR continues to be disciplined in executing its capital recycling programme, and prudently redeploying capital to support growth. In FY2020, close to US\$1 billion of capital was recycled, with net cash recycled back of approximately US\$0.7 billion, doubling the Group’s annual target of US\$400- US\$500 million in divestments.

Record new completions and new development starts drive continuous expansion of our best-in-class asset portfolio

ESR has over 20.1 million sqm of GFA in operation and under development across its portfolio and a landbank of over 3.7 million sqm, as of 31 December 2020.

Development demand has continued to grow, with work in progress growing by 21% to US\$4.7 billion in FY2020. The Group’s development activities achieved new records, with US\$3.4 billion in development completions and US\$3.2 billion worth of development starts (US\$2.4 billion in 2H 2020) in FY2020. It will continue to leverage third-party capital to fund development starts and exercise a disciplined asset light approach to achieve its targeted development completions.

¹ GIC is a global investment firm established in 1981 to manage Singapore’s foreign reserves.

During the year, the Group has completed a number of flagship developments that set new standards for the industry. In July 2020, the Group completed the development of the award-winning ESR Amagasaki Distribution Centre in Greater Osaka, the largest logistics warehousing project in APAC² at 388,570 sqm. In Dongguan, China, ESR Hongmei Logistics Park II commenced operations in Q4 2020, introducing a new flagship development with 278,283 sqm GFA in the country's southern region.

E-commerce acceleration and supply chain resilience have spurred demand for modern, institutional-grade logistics facilities, driving the solid performance of ESR's leasing activities. The Group maintained a healthy occupancy rate of 90% across its entire portfolio³, and achieved record leasing of over 2.3 million sqm of space. Leveraging its strategically diversified network spanning seven key markets across APAC, coupled with a quality tenant base focused on e-commerce and 3PL companies which accounted for 64% of the overall tenant portfolio (based on rental income), ESR has remained resilient to market changes and disruption.

ESR is well-positioned to benefit from the strong leasing demand with a robust pipeline of large-scale developments to be delivered over the next couple of years. Some of these include:

- In China, the Group expects to complete the development of ESR Shanghai Qingpu Yurun Phase I by the end of 2021. This high-standard logistics facility with a total planned GFA of over 340,000 sqm will include cold storage space. Construction of Phase II commenced in Q4 2020.
- The Dushangang project in Jiaxing, China is scheduled for completion in 2022 with a total planned GFA of over 235,000 sqm.
- In Japan, the Group has commenced construction of the first phase of ESR Higashi Ogishima Distribution Centre in Greater Tokyo Metropolitan Area, with expected completion in 2023. Set to be one of Japan's tallest distribution centres and the world's first cargo drone facility, the project has a planned GFA of 365,385 sqm.

Leveraging existing platform synergies to tap into a highly complementary and rapidly expanding new asset class

The data centre market has proliferated through the pandemic as a number of technological and economic trends, including e-commerce growth, smart technologies, 5G adoption, AI and cloud services, continue to drive the demand and requirements for data capacity. In APAC, which is the world's second largest region for data centres, the market is set for solid growth due to such factors as being home to half of the world's millennial population (aged 23-38); a dramatic increase in unicorns, many of which are internet giants; and mobile data traffic that is projected to expand at a CAGR of 41% from 2019-2023E.

As a leading provider of new economy infrastructure, ESR sees data centres not only as a compelling asset class, but also a natural progression for future growth. It is expected that APAC data traffic will grow exponentially in line with demographic tailwinds. ESR has directed significant business development effort towards setting up around Asia. With its complementary strengths, development expertise and knowledge, as well as immediate scalability with enhanced tenant relations the Group has built over the years, ESR is highly competitive and well-positioned to tap into this market.

² The largest single-phase, single-asset warehousing project in terms of GFA. Sources: CBRE data and ESR research.

³ Based on assets on balance sheet and stabilised assets

Empowering sustainable growth by purpose and innovation

ESR has reaffirmed its commitment to long-term sustainable growth with its Five-Year ESG Roadmap, which aligns with the UN Sustainable Development Goals.

The Group has set out a clear vision and targets across the three key pillars of Human Centric, Property Portfolio and Corporate Performance. They include improving gender ratios, achieving zero workplace fatalities, increasing solar power generation by 50%, reducing group-wide energy consumption by 20%, and investing US\$15 million in local community foundations by 2030.

Strategies such as consistent, transparent reporting, strengthening engagement programmes to promote health and well-being and fostering a culture of active ESG learning for employees are planned and in place to ensure that the Group's 2025 targets are achieved.

For ESR, technological innovations are a way of improving its customers' operations, and providing for a more sustainable, human-centric environment for stakeholders. The Group created the ESR Future Solutions Group to proactively identify and evaluate technological, economic and societal changes that are important to our stakeholders, and to determine how these changes will impact the design and operations of logistics facilities and the Group as a whole.

Propelling the next stage of growth and value creation

E-commerce acceleration will continue to drive demand for logistics infrastructure. In view of the significant undersupply of modern warehouses in the APAC region, ESR will continue to actively examine opportunities in key markets and new locations to grow its footprint. Moreover, it will look to build on the Group's network of high-quality tenants and best-in-class capital partners to support its efforts in meeting the long-term need for modern logistics facilities in the region.

Looking ahead, the Group will continue its disciplined capital management approach, which has been the cornerstone of ESR's investment efforts, leveraging its well-capitalised balance sheet and strong liquidity position to further diversify its sources of funding to support sound, strategic growth and investment opportunities as they emerge.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, stated, "Despite that FY2020 was a year of unprecedented challenges, it was also one of new opportunities and breakthroughs. Evidenced by the strong results we delivered on multiple fronts, our unique growth model and strategic approach have proven to be successful especially within the context of a challenging year.

The APAC logistics real estate industry has an abundance of momentum, propelled by a myriad of driving forces. Our success built in FY2020, and in previous years, reinforces our convictions towards the long-term prospects of APAC logistics. We look forward to a vibrant future in which we can unveil many exciting developments. Expanded market and asset portfolios, further collaborations with the world's best investors and brands, impactful ESG initiatives – all of these and more are in the offing as ESR enters the next chapter of growth and creation of long-term value to our stakeholders."

About ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world's preeminent investors including APG, SK Holdings, JD.com, CPP Investments, Oxford Properties and PGGM. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$30 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 20 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the Hang Seng Composite Index and MSCI Hong Kong Index.

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

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