OUR MISSION

We aim to build modern logistics infrastructure for 21st century commerce across APAC. We endeavor 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 the Portfolio Assets and have the largest development pipeline in aggregate across the major APAC markets as measured by GFA from July 1, 2019 to December 31, 2020, according to the JLL Report. 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, which comprised over 3.6 billion people (around 50% of the global population) and over US$28.6 trillion of GDP (over 33% of the global GDP) in 2018, according to the JLL Report. We currently operate in the PRC, Japan, South Korea, Singapore, Australia and India markets that represent close to 90% of GDP in APAC in 2018, according to the JLL Report.

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 June 30, 2019, we managed 30 private third-party pooled investment vehicles, with over US$6.3 billion in total equity commitments, and two REITs listed on the SGX-ST with aggregate appraised carrying value of approximately US$2.9 billion. As of June 30, 2019, our AUM was approximately US$20.2 billion (of which US$2.7 billion was on our balance sheet) and comprised approximately 8.5 million sq.m of GFA of completed properties, approximately 4.4 million sq.m of GFA of properties under construction (which we expect to be completed over the next two to five years and the size of which is expected to be more than half of the GFA of our current completed properties) and approximately 2.4 million sq.m of GFA to be built on land held for future development, adding up to over 15.3 million sq.m 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 paragraph headed "—Property Operations—Classification of the Portfolio Assets" in this section of the Document for further details.

We develop logistics real estate primarily in Tier 1 and 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 the JLL Report, 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% between 2019 and 2023, approximately two times the anticipated 4.0% growth in the US during the same period. As of June 30, 2019, e-commerce and 3PL tenants made up approximately 48.5% of the tenant base of the Portfolio Assets by leased area. In 2016, 2017 and 2018 and for the six months ended June 30, 2019, rental revenues from e-commerce and 3PL tenants in our balance sheet properties amounted to 82.6%, 76.7%, 63.5% and 41.0% of our total rental revenues, respectively. The decrease in the proportion of rental revenues from e-commerce and 3PL tenants in 2017 was due to the disposal of several properties to China

Invesco Core Fund from our balance sheet, the majority of which we had leased to e-commerce tenants, and in 2018 was due to rental income from an existing manufacturing tenant in the RW Higashi-Ogishima DC property, which we plan to redevelop into a modern logistics facility. The decrease in the proportion of rental revenues from e-commerce and 3PL tenants in the six months ended June 30, 2019 was due to our acquisition of Propertylink, the property portfolio of which had a higher percentage of traditional logistics and industrial tenants, as well as the disposal of certain balance sheet properties to NCI Core Fund, the majority of which were occupied by e-commerce tenants.

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 and Mr. Jinchu Shen, who has substantial experience in modern logistics facilities in the PRC, with the goal of establishing a platform to capitalize 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, specializing 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% equity interest in CIP (an integrated development group with national presence in Australia that has a track record of development of commercial and industrial real estate projects totaling over US$1.8 billion in value as of December 31, 2018) as the base platform upon which to grow our Australian business. As of June 30, 2019, we owned a 14.8% stake in Centuria. To facilitate both acquisitions we entered into share swap transactions that have now been closed out. In April 2019, we completed our acquisition of Propertylink. See the paragraph headed "—The Propertylink Acquisition" in this section below for further information.

With our APAC-focused business model, we grew significantly during the Track Record Period through organic growth and strategic M&A, increasing our AUM from US$7.4 billion as of December 31, 2016 to US$12.0 billion as of December 31, 2017, to approximately US$16.0 billion as of December 31, 2018 and further to US$20.2 billion as of June 30, 2019. We have also attracted investments from three out of the top six real estate capital providers globally based on IP&E Real Assets' top 100 ranking of the world's largest real estate investors in 2018. We were ranked #29 in the world in PERE's "Fab 50", the flagship ranking of the private real estate world's top managers (by total annual fundraising amount) in 2018. Our revenue grew by 58.5% from US$96.7 million in 2016 to US$153.3 million in 2017, and further grew by 65.8% to US$254.1 million in 2018. Our revenue grew by 66.3% from US$93.7 million for the six months ended June 30, 2018 to US$155.8 million for the six months ended June 30, 2019. Our net profit grew by 91.6% from US$104.8 million in 2016 to US$200.8 million in 2017, and further grew by 6.0% to US$212.9 million in 2018. Our net profit grew by 32.0% from US$63.7 million for the six months ended June 30, 2018 to US$84.1 million for the six months ended June 30, 2019. Our total consolidated balance sheet assets, which include our investment properties, investments in joint ventures, and financial assets at fair value, grew by 45.4% from US$2,101.5 million as of December 31, 2016 to US$3,054.9 million as of December 31, 2017, and further grew by 45.1% to US$4,431.6 million as of December 31, 2018 and 34.2% to US$5,946.0 million as of June 30, 2019.

Below is a summary of the Portfolio Assets we directly owned as of June 30, 2019:

Country	Number of properties(1)	GFA of completed properties(2)(3)	GFA of properties under construction(3)	GFA on land held for future development(3)
		(sqm in thousands)		
The PRC	**27**	**1,105.4**	**842.4**	**657.4**
Greater Shanghai	8	516.1	403.3	245.6
Greater Beijing	5	253.7	—	147.8
Greater Guangzhou	6	238.6	—	107.9
Others	8	96.9	439.1	156.2
Japan	**4**	**—**	**575.0**	**300.0**
Tokyo	4	—	575.0	300.0
Australia	**41(4)**	**481.7**	**35.9**	**—(4)**
New South Wales	15	158.6	18.4	—
Queensland	10	80.5	—	—
Victoria	13	214.9	17.5	—
Western Australia	3	27.6	—	—
India	**3**	**—**	**116.5**	**229.9**
Mumbai	2	—	116.5	199.3
Kolkata	1	—	—	30.7
Total	**75**	**1,587.1**	**1,569.7**	**1,187.3**

Notes:

(1) Includes completed properties, properties under construction and GFA on land held for future development.

(2) Includes both stabilized and pre-stabilized completed properties. "Stabilized properties" refer to completed properties: (i) for which construction or acquisition had been completed for more than 12 months; or (ii) reached an occupancy rate of 93% or higher. "Pre-stabilized properties" refer to completed properties: (i) for which construction or acquisition had been completed for less than 12 months; or (ii) with an occupancy rate of less than 93%.

(3) For the definitions of "completed properties," "properties under construction," and "GFA on land held for future development," see the section headed "—Property Operations—Classification of the Portfolio Assets" in this Document.

(4) We also own four parcels of land in Australia to be developed in the future, and are currently in the process of formulating the construction plans and as such have not included the number of properties or the GFA figures to be built on such land.

As of June 30, 2019, the portion of the Portfolio Assets that we held on our balance sheet was valued at US$2.7 billion.

Below is a summary of the Portfolio Assets held in the funds and investment vehicles we managed as of June 30, 2019. We hold minority investments in many of the funds and investment vehicles we manage. See the section headed "Business—Principal Business Activities" in this Document for details of the minority interests we hold:

Country	Number of properties(1)	GFA of completed properties(2)(3)	GFA of properties under construction(3)	GFA on land held for future development(3)
		(sqm in thousands)		
The PRC	**58**	**2,681.8**	**830.2**	**501.4**
Greater Shanghai	26	1,376.0	220.6	161.3
Greater Beijing	3	80.9	—	70.5
Greater Guangzhou	6	104.9	402.6	—
Others	23	1,120.0	207.0	269.6
Japan	**22**	**1,230.8**	**1,003.5**	**—**
Tokyo	15	672.6	608.8	—
Osaka	4	426.4	361.1	—
Nagoya	3	131.8	33.6	—
South Korea	**25**	**980.5**	**629.5**	**543.9**
Singapore	**56**	**1,686.8**	**N/A**	**N/A**
Australia	**28**	**297.3**	**14.7**	**—**
New South Wales	13	122.0	14.7	—
Queensland	7	78.2	—	—
Victoria	5	84.5	—	—
Western Australia	2	6.6	—	—
Southern Australia	1	6.0	—	—
India	**6**	**62.2**	**307.6**	**138.7**
Total	**195**	**6,939.3**	**2,785.4**	**1,184.0**

Notes:

(1) Includes completed properties, properties under construction and GFA on land held for future development.

(2) Includes both stabilized and pre-stabilized completed properties. "Stabilized properties" refer to completed properties: (i) for which construction or acquisition had been completed for more than 12 months; or (ii) reached an occupancy rate of 93% or higher. "Pre-stabilized properties" refer to completed properties: (i) for which construction or acquisition had been completed for less than 12 months; or (ii) with an occupancy rate of less than 93%.

(3) For the definitions of "completed properties," "properties under construction," and "GFA on land held for future development," see the section headed "Business—Property Operations—Classification of the Portfolio Assets" in this Document.

The following table summarizes our AUM by assets held on our balance sheet and in the funds and investment vehicles we managed as of June 30, 2019:

Country	Assets held on our balance sheet	Fund AUM(1)	AUM
	(US$ millions)		
The PRC	1,366.9	3,020.8	4,387.7
Japan	627.0	6,929.5	7,556.5
South Korea	—	3,623.5	3,623.5
Singapore	—	2,872.0	2,872.0
Australia	651.1	651.7	1,302.8
India	11.3	480.8	492.1
Total	**2,656.3**	**17,578.3**	**20,234.5**

Notes:

(1) We hold minority investments in many of the funds and investment vehicles we manage. See the paragraph headed "—Principal Business Activities" in this section of the Document for details of the minority interests we hold.

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 summarizes the GFA under MOUs attributable to our balance sheet and the funds and investment vehicles we managed as of June 30, 2019:

Country	GFA under MOUs[(1)] attributable to our balance sheet	GFA under MOUs[(1)] attributable to our funds and investment vehicles	Total
		(sq.m. in thousands)	
The PRC	1,476.4	156.3	1,632.7
Japan	—	1,282.9	1,282.9
South Korea	—	1,866.2	1,866.2
Australia	17.0	—	17.0
India	—	1,983.8	1,983.8
Total	**1,493.4**	**5,289.2**	**6,782.6**

Note:

(1) 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" in this Document.

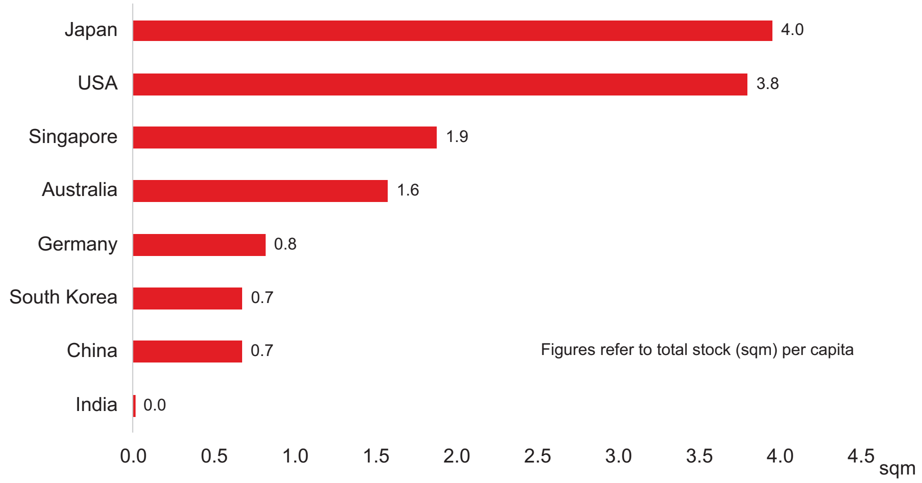
From July 1, 2019 up to the Latest Practicable Date, we have completed additional acquisitions for our balance sheet representing GFA of approximately 0.15 million sq.m. in the PRC and additional acquisitions for the funds and investment vehicles we manage representing GFA of approximately 0.20 million sq.m. in South Korea and 0.22 million sq.m. in India. As of the Latest Practicable Date, we also entered into a number of MOUs to acquire properties for our balance sheet representing GFA of approximately 2.4 million sq.m. in the PRC and MOUs to acquire properties for the funds and investment vehicles we manage of approximately 5.5 million sq.m., representing GFA of approximately 0.6 million sq.m. in the PRC, 1.5 million sq.m. in Japan, 1.4 million sq.m. in South Korea, 2.0 million sq.m. in India and 17,020 sq.m. in Australia.

OUR INDUSTRY

Logistics real estate space

The APAC logistics real estate market continues to grow, although there are vast differences in the scale and maturity between markets in the region. Some markets, such as Australia and Japan, are relatively mature, while others are in early stages of growth. At an aggregate level, there is significant potential for further development. According to the JLL Report, developed markets such as the US and Japan have an average logistics real estate space per capita of close to four sq.m. Australia and Singapore each have an average logistics real estate space per capita of just one to two sq.m. South Korea, the PRC and India each have an average logistics real estate space per capita of less than one sq.m. Logistics real estate space per capita is lower in APAC with per capita logistics real estate space in the PRC, Japan, South Korea, Singapore, Australia and India in aggregate at just 0.5 sq.m. As markets mature, the level of logistics real estate space required to service the relevant populations is expected to increase.

Estimated total logistics real estate space per capita[(1)]



Source: JLL estimates based on a combination of information from public sources, company reports, site visits, and industry contacts, Oxford Economics, as of April 1, 2019 (except China, Japan, South Korea and India as of December 31, 2018).

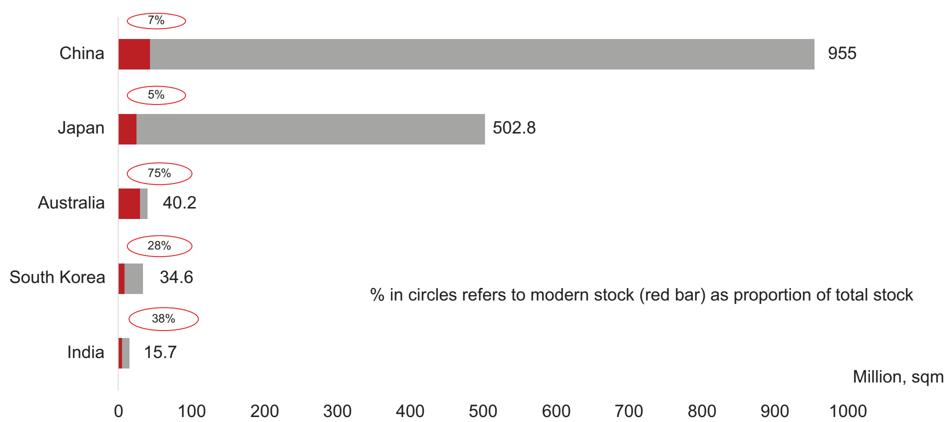
Note:

(1) Based on total logistics stock. An accurate breakdown of modern and non-modern real estate is not available in each market. Includes existing warehouse and distribution buildings of all grades; owner- and tenant-occupied, and available for lease and/or sale. Different countries use different methodologies and definitions to capture total stock. As such total stock and stock per capita between countries may not be directly comparable.

Modern logistics real estate space

Modern logistics real estate space is characterized by, among other things, large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. Modern logistics real estate space in APAC as a proportion of total space is relatively low compared to the US. This may provide scope for greater development, particularly against the backdrop of increasing demand from the 3PL industry and e-commerce platforms. Supply chain modernization is adding to the global demand for new logistics facilities. Tenants are upgrading from outdated, often small and owner-occupied facilities to newer facilities in premium locations.

Estimated modern logistics real estate space as a proportion of total logistics real estate space[(1)(2)]



Source: JLL estimates based on a combination of information from public sources, company reports, site visits, and industry contacts, as of June 30, 2019 (except for India, Japan and South Korea which are as of October 1, 2018).

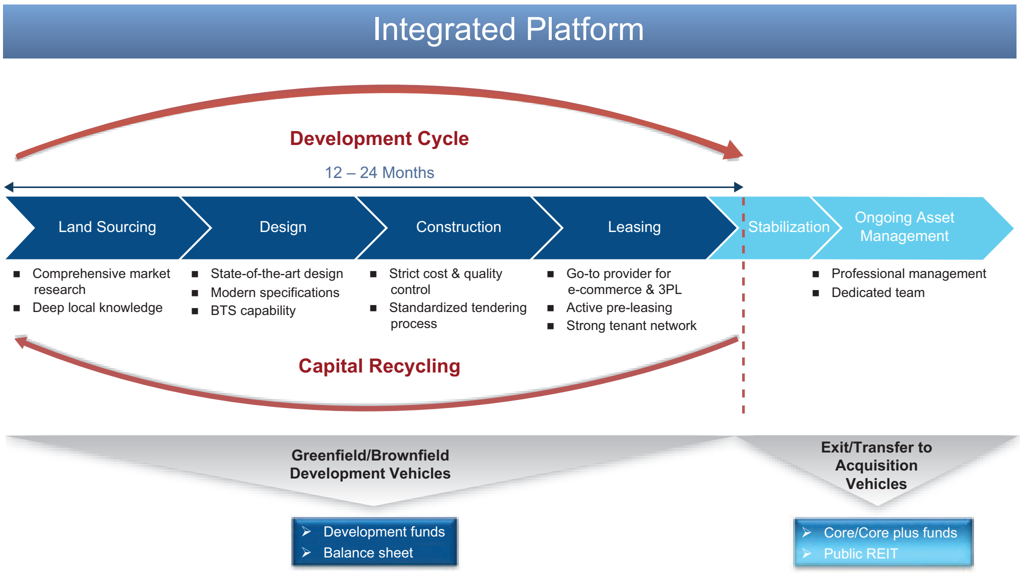
Notes:

(1) Total logistics space includes existing warehouse and distribution buildings of all grades; owner- and tenant-occupied, and those available for lease and/or sale. Logistics facilities in Australia generally refer to prime space. Different countries use different methodologies and definitions to capture total stock, and modern and non-modern stock. As such, total stock and modern and non-modern stock between countries may not be directly comparable.

(2) The % in circle is based on the proportion of Grade A stock relative to total Grade A and Grade B stock within JLL's coverage area. However, there is a significant amount of stock that is classified as Grade C. Due to the fragmented nature and low transparency of the market in India, particularly in the Grade C market, it is difficult to correctly assess the level of Grade C stock. As a result, the percentage of modern facilities (Grade A) relative to total stock (Grade A, B and C) will be significantly lower.

Unless otherwise indicated, the information above has been derived from the JLL Report, a copy of which has been included in Appendix IV to this Document.

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 utilize a capital recycling strategy when we dispose of stabilized assets to the core/core-plus funds and investment vehicles we manage, and potentially to REITs, in order to realize 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 prioritize 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 a time consuming search 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. See the paragraph headed "—The Propertylink Acquisition" in this section of the Document for further information. In June 2019, we completed the Sabana Manager Acquisition in Singapore. As we continue to expand the business, we have and will continue to utilize our business model to acquire local expertise and assemble business teams in each of our markets of operation. See the paragraph headed "—Principal Business Activities—Development" in this section of the Document for further details.

Our Company is organized 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 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 REIT we manage, from which we derive dividend income, pro rata earnings and/or pro rata value appreciation; and (iii) other investments. In the years ended December 31, 2016, 2017 and 2018 and for the six months ended June 30, 2019, our average rental yield (rental income as a proportion of property book cost) for properties held on our balance sheet was 11.5%, 11.1%, 11.3% and 12.5%, respectively.

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 have the largest development pipeline in aggregate across APAC as measured by GFA from July 1, 2019 to December 31, 2020, according to the JLL Report.

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.* According to the JLL Report, the six economies in APAC where we operate account for close to 90% of the nominal GDP of APAC in 2018. According to the JLL Report, the revenue of APAC's e-commerce logistics market expanded by 22.9% in 2018 and is expected to grow at a CAGR of 15.1% from 2018 to 2023. 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 capitalize on this dynamic growth with strong on-the-ground execution and tenant sourcing capabilities, as evidenced by our 272% growth in AUM during the Track Record Period.

- *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 optimizing personnel resources.

- *Network effect.* Having the largest portfolio of modern logistics facilities in APAC provides our tenants with regional solutions as their business grows. For example, JD.com leased approximately 1,025,817 sq.m from us across 16 locations as of June 30, 2019. We are JD.com's largest external landlord in the Yangtze River Delta area and one of its major landlords across APAC. 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.

Below are highlights of our strong market position in each of our markets of operation. According to the JLL Report:

- *The PRC.* Our portfolio of logistics properties is the second largest in Greater Shanghai, Greater Beijing and Greater Guangzhou as measured by GFA and development pipeline from July 1, 2019 to December 31, 2020.

- *Japan.* We have the largest development pipeline by GFA from July 1, 2019 to December 31, 2020 in the Greater Tokyo and Greater Osaka regions.

- *South Korea.* We are the largest owner of logistics stock by GFA and have the largest development pipeline from January 1, 2019 to December 31, 2020 in the Seoul Metropolitan Area.
- *Singapore.* We are the third largest industrial REIT in Singapore in terms of number of assets.

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 characterized 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 recognized, 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, from land acquisition to stabilization, the Portfolio Assets, which is in line with industry standards. We believe our development capabilities and ability to offer tailored services such as customized site selection, land acquisition and design helps us attract high quality and long-term tenants. For example, we delivered to Amazon the Kunshan Friend I facility, a customized 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 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 realized 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 realized gains for us of US$38.3 million. We did not dispose of any properties in 2016. 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 realizes gains for us and for our development fund capital partners.

Through our August 2018 acquisition of CIP and April 2019 acquisition of Propertylink, we have further expanded our capabilities into the Australian market, where we can now leverage the development capabilities of CIP and 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 margin 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 certain target IRR and after our capital partners have received their targeted capital returns. Because 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 a public REIT in Singapore. 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$6.5 billion as of December 31, 2016 to US$17.6 billion as of June 30, 2019. Our fund management revenue has increased from US$46.5 million in 2016 to US$94.3 million in 2017, and further to US$135.6 million in 2018, and from US$59.0 million for the six months ended June 30, 2018 to US$61.8 million for the six months ended June 30, 2019. We have maintained high margins with respect to our fund management segment during the Track Record Period.

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. For example, with respect to the Portfolio Assets in the PRC, e-commerce companies constitute a significant portion of our tenants, with approximately 1.6 million sq.m., or 45.0% of our leased area, occupied by leading e-commerce tenants such as Cainiao (a member of Alibaba Group), JD.com and Amazon, as of June 30, 2019. In Japan, we are a leading landlord for 3PL providers who account for approximately 0.4 million sq.m., or 49.5% of our leased area. In APAC overall, e-commerce and 3PL tenants made up approximately 48.5% of the tenant base of the Portfolio Assets by leased area, as of June 30, 2019. In 2016, 2017 and 2018 and for the six months ended June 30, 2019, rental revenues from e-commerce and 3PL tenants in our balance sheet properties amounted to 82.6%, 76.7%, 63.5% and 41.0%, respectively, of our total rental revenues. The decrease in the proportion of rental revenues from e-commerce and 3PL tenants in 2017 was due to the disposal of several properties to China Invesco Core Fund from our balance sheet, the majority of which we had leased to e-commerce tenants, and in 2018 was due to rental income from an existing manufacturing tenant in the RW Higashi-Ogishima DC property, which we plan to redevelop into a modern logistics facility. The decrease in the proportion of rental revenues from e-commerce and 3PL tenants in the six months ended June 30, 2019 was due to our acquisition of Propertylink, the property portfolio of which had a higher percentage of traditional logistics and industrial tenants, as well as the disposal of certain balance sheet properties to NCI Core Fund, the majority of which were occupied by e-commerce tenants.

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. For example, 16 of our existing tenants lease multiple locations from us across APAC. Our value proposition to our tenants has resulted in an occupancy rate of approximately 92% for stabilized properties in the Portfolio Assets as of June 30, 2019. 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, CPPIB, 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 in Japan in 2019. Also, CPPIB first invested with us in our development fund in South Korea in 2015 and then 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 utilize 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$423.6 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 mobilize 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, CPPIB, 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 June 2019 with our acquisition of Sabana Manager.

Our August 2018 acquisition of CIP and April 2019 acquisition of Propertylink continue 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 were co-founded and 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. Immediately upon completion of the **[REDACTED]**, we expect our senior management team to have an interest in approximately **[REDACTED]**% of our Company, 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 and President: Mr. Portes has over 23 years of real estate investment experience, including over 19 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 and Hyflux (both listed on the SGX-ST), 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, including co-founder WP OCIM, an affiliate of Warburg Pincus LLC. Warburg Pincus LLC was founded in 1966 and is one of the largest private equity sponsors in the PRC and Southeast Asia region. Other shareholders, such as JD.com and SK, 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 capitalize 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 centers 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:
  - *The 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 intend to 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 plan to 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 "Summary—Recent Developments—Material Developments—New Australia Fund" in this Document.
- *India.* Create one of the leading Indian logistics real estate platforms with a focus on developing larger-style modern logistics parks that typically measure approximately 20,000 sq.m of space, 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 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 intend to launch new core/core-plus USD and RMB denominated funds to grow our capital available for new projects.

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 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 fulfill 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. 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 vehicle or set up new REITs to capitalize 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 higher-yielding assets. 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 centers, suburban IT offices and business parks. We also intend to utilize our platform to capitalize 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 organized 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 Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,			
	2016		2017		2018		2018		2019	
	US$	%	US$	%	US$	%	US$ (unaudited)	%	US$	%
	(in thousands, except percentages)									
Segment Results										
Development	50,187	21.0	161,559	38.1	115,503	25.2	32,208	20.3	102,445	40.7
Fund management	39,173	16.4	79,371	18.7	109,601	23.9	47,230	29.8	49,874	19.8
Investment	149,376	62.6	182,933	43.2	233,592	50.9	78,874	49.9	99,324	39.5
Total(1)	**238,736**	**100.0**	**423,863**	**100.0**	**458,696**	**100.0**	**158,312**	**100.0**	**251,643**	**100.0**

Note:

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

See the section headed "Financial Information—Segmentation" in this Document for more information on the items comprising segment results from our reportable operating segments.

As depicted below, as of June 30, 2019, the geographic reach of the Portfolio Assets allows us to meet our tenants' business and expansion needs in multiple locations in APAC and also gives our capital partners multiple jurisdictions in which to invest.

Note:

( ) Number in bracket is the number of properties we own or manage.

As of June 30, 2019, we owned or managed: (i) completed GFA of 8.5 million sq.m; (ii) GFA under construction of 4.4 million sq.m; and (iii) GFA on land held for future development of approximately 2.4 million sq.m. As of the Latest Practicable Date, we also entered into a number of MOUs to acquire properties for our balance sheet representing GFA of approximately 2.4 million sq.m. in the PRC and MOUs to acquire properties for the funds and investments vehicles we manage representing GFA of approximately 5.5 million sq.m. across the PRC, Japan, South Korea, India and Australia. As of June 30, 2019, 71.5% 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 characterized 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. In Australia, following our acquisition of CIP, we have acquired in-house construction capabilities.

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 stabilized properties from our balance sheet, which not only facilitates fundraising but also helps us to realize 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, 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, a director 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 logistic 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. Jaikumar Mirpuri, one of the country heads of ESR India, has over 15 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.

In August 2018, we acquired CIP for approximately AUD40.1 million (approximately US$27.1 million) to launch our business in Australia. CIP is an integrated development group with a national presence in Australia and has developed more than 1.6 million sq.m of commercial and industrial real estate projects, with a combined value of over US$1.9 billion as of June 30, 2019. CIP has a development pipeline of 578,801 sq.m across Australia's eastern seaboard in connection with construction projects for third parties. We intend to leverage CIP's construction capabilities to develop logistics properties for our own balance sheet and the funds and investment vehicles we manage.

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

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

- *Optimal space utilization.* 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 customized features.* Office space, air-conditioning and refrigeration/freezing.

The following pictures illustrate certain of our logistics properties:

Jiangsu Friend—III (China) (directly owned by us) is a multi-story ramped distribution center located in Jiangsu Provence. Completed in 2017, this facility is four stories tall and has a GFA of 206,418 sq.m.

Nanko—I (Japan) (owned by a fund managed by us) is a double-ramped multi-story distribution center strategically located at the port of Osaka. Completed in 2016, this facility is four stories tall and has a GFA of 125,813 sq.m.

Bucheon (Korea) (owned by a fund managed by us) is a prime infill ramped multi-story distribution center located in Bucheon, Gyeonggi. Completed in 2018, this facility has a GFA of 304,916 sq.m.

The table below summarizes the GFA and number of properties for development completions during the Track Record Period:

	As of December 31,						As of June 30,	
	2016		2017		2018		2019	
	(sq.m in thousands)	Number of properties	(sq.m in thousands)	Number of properties	(sq.m in thousands)	Number of properties	(sq.m in thousands)	Number of properties
Development completion of on-balance sheet properties								
The PRC	40.4	1	206.4	1	88.2	2	22.5	1
Australia	—	—	—	—	9.2	1	10.9	2
Total	**40.4**	**1**	**206.4**	**1**	**97.4**	**3**	**33.4**	**3**
Development completion of properties held by funds and investment vehicles we manage								
The PRC	97.6	1	661.4	7	257.6	5	272.0	4
Japan	239.7	4	269.8	4	382.1	3	205.2	1
South Korea	—	—	205.4	1	449.5	5	199.7	1
India	—	—	—	—	9.9	1	—	—
Total	**337.3**	**5**	**1,136.6**	**12**	**1,099.2**	**14**	**676.9**	**6**

The following table sets forth details of the development properties held on our balance sheet by geographic location as of June 30, 2019:

Property	Location	Status	Expected year of completion	Land area	GFA	Total Valuation[3]	Total estimated development cost[4]	Development cost incurred	Interest held by our Company
				(sqm)		(US$ in millions)	(US$ in millions)		
The PRC				**1,568,578**	**1,499,802**	**375.8**	**736.4**	**282.6**	
Wuhan Minglong	Wuhan	Land	N/A[2]	102,282	61,534	9.6			100%
Chongqing Yongxiang	Chongqing	Under Construction	2020	266,037	148,115	63.5			100%[5]
Shanghai Yurun	Shanghai	Under Construction	2020	260,026	342,787	135.1			74%
Changsha Yizhu—II	Changsha	Under Construction	2020	67,896	67,366	24.7			100%
Fenhu Quansheng	Zhejiang	Under Construction	2019	39,840	24,722	4.0			55%
Jilin Daling	Jilin	Under Construction	2019	147,750	94,403	51.0			100%
Qingyuan Anqing	Qingyuan	Land	2020	175,993	107,882	15.9			90%[6]
Shanghai Yisi	Langfang	Land	2021	53,334	65,736	9.5			100%
Pinghu Dushangang	Zhejiang	Land	2021	100,000	245,571	8.0			100%
Wenzhou Ruian	Zhejiang	Under Construction	2020	86,667	129,173	16.9			100%
Jiangnan Chuanting	Shanghai	Under Construction	2020	33,333	35,815	15.9			100%
Langfang Hengjia	Langfang	Land	2021	66,638	82,064	12.1			100%
Fujian Pingfu	Fujian	Land	2020	168,782	94,634	9.6			100%
Japan				**293,273**	**875,123**	**594.8**	**1,390.2**	**503.1**	
RW Higashi-Ogishima DC PH1[1]	Tokyo	Under Construction	2022	77,723	310,670	220.2			70%
RW Higashi-Ogishima DC PH2[1]	Tokyo	Under Construction	2024	66,116	264,453	169.3			70%
ESR Sachiura 2A DC	Tokyo	Land	N/A	149,434	300,000	105.1			100%
ESR Sachiura 2B DC	Tokyo	Land	N/A			100.3			100%
Australia				**184,830**	**35,870**	**15.1**	**60.8**	**5.9**	
Lane Cove	New South Wales	Land	N/A	N/A	N/A	6.0			92%
Bringelly Business Park (CFC Group and Steel Force)	New South Wales	Under Construction	2019	44,397	18,363	0.2			92%
Berrinba	Queensland	Land	N/A	41,781	N/A	0.8			92%
Yatala	Queensland	Land	N/A	26,116	N/A	1.5			92%
Willawong	Queensland	Land	N/A	61,426	N/A	0.8			92%
Wellington Rd	Victoria	Under Construction	2020	11,110	17,507	5.7			46%
India				**607,374**	**346,411**	**11.3**	**130.5**	**11.3**	
Mumbai 2	Mumbai	Under Construction	2021	183,716	116,499	1.2			100%
Kolkata	Kolkata	Land	2021	47,708	30,658	1.4			82%
Palava	Mumbai	Land	2022	375,950	199,253	8.7			53%

Notes:

(1) We plan to dispose of RW Higashi-Ogishima DC to a new development fund and thereafter commence redevelopment of the property in two phases, starting in the second quarter of 2020.

(2) Completion date for Wuhan Minglong is not yet available as we have yet to determine a final construction plan.

(3) Balance sheet properties that we held in the PRC were valued by Beijing Colliers International Real Estate Valuation Co., Ltd. Balance sheet properties that we held in Japan were valued by Cushman & Wakefield K.K. See the property valuation report included in Appendix VI to this Document for more information. Valuation reports for certain Australian and PRC properties listed in this table have not been included in Appendix VI to this Document in accordance with Chapter 5 of the Listing Rules.
(4) Estimated development costs reflect our good faith estimates of such costs, and actual development costs incurred may differ from such estimates.
(5) Our subsidiary currently holds 50% of the registered capital of Chongqing Yongxiang and will acquire the remaining 50% by May 2023 for RMB130 million (approximately US$18.3 million) in accordance with the agreement between the shareholders.
(6) We subsequently increased our interest in Qingyuan Anqing to 95% in August 2019 through purchase from a third-party shareholder.

The RW Higashi-Ogishima DC property generated an income of JPY811.7 million (approximately US$7.7 million) for the six months ended June 30, 2019. We intend to dispose of the property to a new development fund. Thereafter, we plan to redevelop the property starting in the second quarter of 2020 in two phases in order to minimize the impact of the development process on income generated from the property.

The following table sets forth details of the development properties held by our joint ventures and other funds and investment vehicles we managed as of June 30, 2019:

	Number of properties	Total GFA	Interest held by our Company[(1)]
		(sq.m in thousands)	
Joint ventures			
e-Shang Star Cayman Limited (PRC)	9	782.0	25.6%
—Properties under construction	4	344.2	
—GFA on land held for future development	5	437.9	
Sunwood Star Pte. Ltd (South Korea)	11	1,173.3	20.0%
—Properties under construction	7	629.5	
—GFA on land held for future development	4	543.9	
ESR India Logistics Fund Pte. Ltd (India)	4	446.3	100.0%[(2)]
—Properties under construction	3	307.6	
—GFA on land held for future development	1	138.7	
Other funds and investment vehicles			
The PRC	5	549.5	2.3%
Japan	8	1,003.5	9.6%
Australia	1	14.7	15.0%

Note:

(1) For other funds and investment vehicles, the percentage interest held by our Company is calculated on a weighted average basis by reference to the GFA of the properties held under the applicable funds and investment vehicles.

(2) We are in the process of issuing 50% of the shares in the India Fund to our joint venture partner.

Certain key projects in Japan and Korea held in the development funds include (i) the construction of a modern logistics facility with a GFA of over 360,000 sq.m. and total estimated development cost of over US$700 million in Amagasaki, Hyogo prefecture of Japan, expected to be completed in March 2020, (ii) construction of a modern logistics facility in the Gimpo area targeting the Infill West market of the Greater Seoul region, with a total GFA of over 137,000 sq.m. and total estimated development cost of over US$230 million, expected to be completed in the first quarter of 2020, (iii) construction of a modern logistics facility in the City of Anseong targeting the Suburban East market of the Greater Seoul region, with a total GFA of over 150,000 sq.m. and total estimated development cost of over US$160 million, expected to be completed in the second quarter of 2020, and (iv) construction of a multi-building modern logistics complex in the City of Gwangju targeting the Infill East market of the Greater Seoul region, with a total GFA of over 180,000 sq.m. and total estimated development cost of over US$280 million, expected to be completed in 2021.

CIP

The table below summarizes the top five construction projects of CIP by revenue recognized in the six months ended June 30, 2019.

Project	Location	Contract amount	Revenue recognized
		(US$ in thousands)	
My Chemist W/house-Civil Works	New South Wales	18,739	2,967
Mitre10-Gilmore Rd Dev Profit	Queensland	15,129	5,525
VFS, Drystone Development	Victoria	10,525	8,047
Bringelly Est & Infrst Works	New South Wales	9,651	4,027
Goodman Fielder, Darra Dev	Queensland	4,929	2,355

In the fiscal year ended June 30, 2019, CIP completed 4 construction projects and recognized US$37.7 million in revenue. Since our acquisition of CIP and up to the end of the Track Record Period, CIP contributed US$40.7 million to our revenue for the year ended December 31, 2018 and US$37.7 million to our revenue for the six months ended June 30, 2019, from projects representing total contracted amounts of US$216.1 million. As of the Latest Practicable Date, CIP has a total of 16 projects either committed or ongoing, 6 of which are estimated to be completed in 2019. As part of our broader business strategy, we intend to leverage CIP's construction capabilities to build logistics facilities in-house for our own balance sheet and the funds and investment vehicles we manage in the future.

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 utilize 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 centers, 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 standardized 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

We hire third-party contractors to undertake the construction of properties, and we manage the construction through our local construction management department, with the exception of our business in Australia since our acquisition of CIP in August 2018 which has in-house construction capabilities. 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 centralized 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 June 30, 2019, we managed 30 private third-party investment vehicles across APAC and two publicly listed REITs in Singapore, and we had a total of 30 capital partners. Our Fund AUM increased by 66.2% from US$6.5 billion as of December 31, 2016 to US$10.8 billion as of December 31, 2017, further by 30.6% to US$14.1 billion as of December 31, 2018 and further by 24.7% to US$17.6 billion as of June 30, 2019. As of June 30, 2019, total equity commitment in the funds and investment vehicles we managed was US$6.3 billion, of which US$4.3 billion was invested, with a further US$2.0 billion of uncalled capital to be deployed. As of June 30, 2019, we were responsible for approximately US$382.2 million of this uncalled capital due to our co-investments.

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 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 a publicly listed REIT. 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 summarizes 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 December 31,			As of June 30,
	2016	2017	2018	2019
	($ figures are in US$ millions)			
Aggregate number of funds	17	18	19	32
Fund AUM	$6,495	$10,825	$14,077	$17,578
Equity capital commitment	$3,141	$ 4,229	$ 5,108	$ 6,308
Uncalled capital	$1,470	$ 1,628	$ 1,803	$ 1,990

Overview of Funds and Investment Vehicles

We categorize 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 two 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 summarizes the funds and investment vehicles we managed as of June 30, 2019:

Investment vehicle by geographic focus	Inception date	Commitment period[(1)]	Capital commitments[(2)]	Uncalled capital	Fund AUM[(3)]	GFA	Category	Interest held by our Company	Investment focus
			(US$ in millions)	(US$ in millions)	(US$ in millions)	(thousand sq.m)		%	
The PRC:									
e-Shang Star Cayman Limited*	5/2014	3 years[(4)]	863.3	181.3	1,734.7	2,087.8	Development	25.6	Develop and invest in modern logistics facilities in the PRC
Redwood China Logistics Fund Limited Partnership	7/2012	3 years	440.0	1.5	685.4	1,229.1	Development	2.3	Develop and invest in a diversified portfolio of distribution and logistics facilities in mainland China focusing on key ports and infrastructure hubs in Tier 1 and 1.5 cities
China Invesco Core Fund*	10/2017	N/A	190.0	—	325.7	370.9	Core	16.3	Manage and invest in lower-risk, long-term yielding modern logistics facilities in the PRC
NCI Core Fund	1/2019	N/A	163.7	—	274.9	325.4	Core	10.0	Manage and invest in long-term yielding modern logistics facilities in the PRC
Japan:									
Redwood Japan Logistics Fund II Limited Partnership	3/2016	3 years	581.0	108.2	1,269.7	777.0	Development	0.0[(7)]	Develop and invest in real estate used primarily for industrial, warehousing and logistics purposes located in the recognized industrial submarkets of Greater Tokyo (with a focus on the Tokyo Bay area), Greater Osaka and Nagoya
Japan Core Fund*	12/2018	N/A	392.2	—	1,011.6	420.6	Core	17.0	Manage and invest in long-term yielding modern logistics facilities in Japan
RJLF III	6/2019	4 years	698.6	643.3	1,707.6	196.6	Development	20.0	Invest in the development of large-scale, state-of-the-art logistics facilities in the largest metropolitan areas of Japan
Other investment vehicles[(5)(6)]	Various	Various	953.5	254.8	2,940.7	840.1	Development	Various	Develop and invest in selected development real estate used primarily for industrial, warehousing and logistics purposes located in the recognized industrial submarkets of Greater Tokyo (with a focus on the Tokyo Bay area), Greater Osaka and Nagoya
South Korea:									
Sunwood Star Pte. Ltd*	11/2015	3 years[(4)]	1,000	345.4	2,417.8	1,773.7	Development	20.0	Develop and invest in modern logistics facilities located in the Seoul and Busan Metropolitan Areas with the potential to consider other regions on a case-by-case basis
South Korea Core Fund*	7/2018	N/A	500	296.1	1,174.1	353.8	Core/Core-plus	10.0	Develop and invest in modern logistics warehouses in South Korea to create a "best-in-class" logistics properties portfolio, with focus on the Seoul and Busan Metropolitan Areas with the potential to consider other regions on a case-by-case basis
TE Logis[(8)]	N/A	N/A	N/A	N/A	31.6	26.3	N/A	0.0	N/A
Singapore:									
ESR-REIT	2006	N/A	N/A	N/A	2,227.8	1,310.0	REIT	8.9	Invest in income-producing real estate and real estate related assets in Singapore used primarily for industrial, warehousing and logistics purposes.
Sabana REIT	2010	N/A	N/A	N/A	644.2	380.0	REIT	21.4	Invest in income-producing real estate for industrial purposes and real estate-related assets

Investment vehicle by geographic focus	Inception date	Commitment period(1)	Capital commitments(2)	Uncalled capital	Fund AUM(3)	GFA	Category	Interest held by our Company	Investment focus
			(US$ in millions)	(US$ in millions)	(US$ in millions)	(thousand sq.m)		%	
Australia:									
PEP	8/2016	7 years	32.1	—	62.8	47.2	Core-plus	25.0	Invest in a diversified portfolio of Australian assets adopting a value add strategy through active asset management
50 Ann PEP	5/2017	7 years	61.9	—	114.3	25.5	Core-plus	25.0	Invest in a single Australian CBD office asset adopting a value add strategy through active asset management
PAIP II	9/2015	6 years	99.2	—	226.1	194.9	Core-plus	17.1	Invest in Australian logistics assets with a focus on active asset management through lease renewals and targeted capital expenditure to enhance income
PCII	11/2015	5 years	9.8	—	22.8	9.6	Core	7.5	Invest in a new long WALE core logistics asset in Australia
POP III	2/2019	4 years	41.6	—	88.0	20.0	Core-plus	11.2	Invest in a portfolio of Sydney Metro office assets with a focus on active asset management through targeted capital expenditure and leasing
PACT	12/2017	5 years	54.0	—	137.7	14.7	Core-plus	15.0	Invest in a single North Sydney office asset, deploying a substantial repositioning and leasing strategy
India:									
India Fund*	11/2018	4 years	228.0	159.3	480.8	508.5	Development	100(9)	Invest in investment-grade logistics, distribution and light industrial properties in major economic centers in India
Total of all funds			**6,308.4**	**1,989.9**	**17,578.3**	**10,911.9**			

Notes:

* Indicates that the investment vehicle is set up as a joint venture. Each of our other investment vehicles, with the exception of our separate accounts and ESR-REIT, are set up as limited partnerships in which we hold both GP and LP interests.

(1) Commitment period generally refers to the period of time after a closing during which capital can be called from investors to fund new investments, which may be extended upon agreement by the manager and investors from time to time. The core/core-plus funds we manage 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.

(2) 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 June 30, 2019, in the case of uncalled commitments.

(3) The target leverage ratio of the funds and investment vehicles we manage typically ranges between 50% to 65%, depending on the market of the underlying properties and the fund type.

(4) From November 2017.

(5) We manage 14 other investment vehicles which generally have fewer (typically one to three) investors.

(6) We have effected the transfer of 50% of the interest in a logistics property in Japan, which was held jointly by two of our development funds, to a private REIT that we currently wholly-own.

(7) We hold minority interests in certain other funds and investment vehicles which co-invest alongside Redwood Japan Logistics Fund II Limited Partnership, which results in us effectively owning various minority interests in the underlying properties.

(8) TE Logis is a single property for which we act as an asset manager for a third party. The property management fees that we earn from this property are booked as management fee income.

(9) We are in the process of issuing 50% of the shares in the India Fund to our joint venture partner.

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 realized 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 stabilization of the underlying assets in order to maximize 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 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 June 30, 2019, we managed a total of 30 private real estate funds and investment vehicles, 20 of which were development funds and 10 of which were core/core-plus funds. The total equity commitment in these private real estate funds and investment vehicles amounts to US$6.3 billion. As of June 30, 2019, a total of US$4.3 billion had been called from these private real estate funds, representing 68.0% of the total equity commitment. As of June 30, 2019, our private real estate funds had a total AUM of US$14.7 billion. We are the developer, asset and investment manager and retain a stake up to 50.0% in each private real estate fund.

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 July 25, 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 stabilized 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 realize development gains on our balance sheet.

As of June 30, 2019, ESR-REIT had a diversified portfolio of 56 properties located across Singapore consisting of business parks, high specification industrial properties, logistics facilities and light industrial facilities. ESR-REIT's portfolio has aggregate appraised carrying value of approximately SGD3.0 billion (approximately US$2.2 billion), a total GFA of approximately 14.0 million square feet (approximately 1.3 million sq.m) as of June 30, 2019. As of June 30, 2019, we had an interest of approximately 8.9% in ESR-REIT as a result of our ownership of 299,415,239 units in ESR-REIT and manage all of its assets as ESR-REIT's property and asset manager.

The key objectives of the ESR-REIT Manager are to deliver secure and stable distributions to unitholders and to achieve long-term growth in net asset value per unit in order to provide unitholders with a competitive rate of return for their investment.

The ESR-REIT Manager's strategies to achieve these objectives include:

- proactively managing ESR-REIT's property portfolio to maximize returns;
- selectively acquiring properties that meet its investment criteria and enhance unitholders' value;
- divesting non-core properties; and
- adopting prudent capital and risk management strategies.

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 SGD936.7 million (approximately US$675.4 million). 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 October 15, 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.

Upon the completion of the Sabana Manager Acquisition and the Sabana REIT Investment, we indirectly held approximately 93.8% equity interest in Sabana Manager and approximately 21.4% of the total issued units in Sabana REIT. Sabana Manager is a company incorporated in Singapore and is the fund manager of Sabana REIT. Sabana REIT has a diversified property portfolio valued at SGD872.2 million (approximately US$628.9 million) as of June 30, 2019, 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 park, warehouse and logistics, chemical warehouse and logistics as well as general industrial. For further details, please refer to the section headed "History, Development and Corporate Structure—Major Acquisitions and Mergers—Sabana Manager Acquisition and Sabana REIT Investment" in this Document.

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 recognized over time, and acquisition fees and leasing fees, which are recognized 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 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 management fees chargeable 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% to 2% per annum of committed or invested capital during the fund's commitment period and are generally 1% to 2% 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 annum of invested capital or 0.5% 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% to 5% 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% to 1.75% of the cost of land for land acquisitions and 0.5% to 1.75% 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% to 37.5% of the net profits realized by the investors depending on the IRR achieved, subject to an initial performance hurdle which requires that investors receive an IRR of 8% to 12% in most of our funds. In 2018, the first year we began to recognize promote income, we recognized US$8.5 million in promote income. For the six months ended June 30, 2019, we recognized US$1.7 million in promote income.

Management of Funds and Investment Vehicles

As of June 30, 2019, we had more than 30 employees dedicated to our fund management business. 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, as 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%).

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 Korea. Also, CPPIB first invested with us in our development fund in South Korea in 2015 and then 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 stabilized 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% to 17%, while target IRR for the core/core-plus funds and investment vehicles we manage range from 9% to 13%. We have generally been able to meet or exceed our target returns during the Track Record Period.

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 organizational 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 organizational 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 minimize 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 organizational 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

Because 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 organizational 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 organizational 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 organization 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 organizational 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 REIT 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, such as our 13.7% stake in CNLP as of June 30, 2019, a major logistics infrastructure and service provider in the PRC which had 150 logistics facilities in operation in 32 logistics parks with a total GFA of 4.6 million sq.m in 16 provinces or centrally administered municipalities across the PRC as of December 31, 2018.

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 realize 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.

Balance Sheet Properties

The following table summarizes the completed investment properties held on our balance sheet by geographic location as of June 30, 2019. Completed investment properties held on our balance sheet accounted for 10.4% of the Portfolio Assets by GFA as of June 30, 2019.

Property	Location	Year completed or acquired	GFA	Valuation[1]	Occupancy rate	WALE[2]	Interest held by the Company
			(sq.m)	(US$ in millions)			
The PRC							
Jiangsu Friend—I	Jiangsu	2011	135,081	131.3	99%	3.4	100%
Jiangsu Friend—II	Jiangsu	2013	85,508	83.0	100%	4.3	100%
Langfang Weidu	Hebei	2013	71,687	65.0	100%	2.5	100%
Dongguan Machong	Guangdong	2014	85,066	85.7	100%	1.9	100%
Dongguan Hongmei	Guangdong	2014	62,343	54.0	100%	5.6	100%
Tianjin Fanbin	Tianjin	2014	106,616	88.7	100%	1.7	100%
Guangzhou Mingyue—I	Guangdong	2014	37,094	59.6	100%	5.4	58.5%[3]
Dongguan Hongmei—Mingfeng	Guangdong	2016	40,383	34.3	100%	3.9	100%
Jiangsu Friend—III	Jiangsu	2017	206,418	168.3	100%	3.6	100%
Guangzhou Mingyue—II	Guangdong	2018	13,735	22.8	100%	5.4	58.5%[3]
Tianjin Fanxin	Tianjin	2018	75,427	64.3	100%	1.8	90%
Shenyang Yibei	Shenyang	2018	74,442	46.0	50%	1.5	100%
Wuxi Lekun	Wuxi	2019	89,116	70.2	100%	5.5	100%
Changsha Yizhu—I	Changsha	2019	22,475	17.9	62%	4.8	100%
Australia							
Wetherill Park 1	New South Wales	2015	18,060	25.4	100%	4.7	92.2%
Laverton North	Victoria	2015	25,639	11.1	100%	3.3	92.2%
Northmead	New South Wales	2014	5,660	9.8	87%	3.7	92.2%
Campbellfield	Victoria	2014	16,620	17.1	100%	5.5	92.2%
Macquarie Park	New South Wales	2014	12,597	60.1	99.7%	2.5	92.2%
Wacol 1	Queensland	2014	13,636	17.0	100%	2.0	92.2%
Wetherill Park 2	New South Wales	2014	11,854	16.8	100%	1.7	92.2%

Property	Location	Year completed or acquired	GFA	Valuation(1)	Occupancy rate	WALE(2)	Interest held by the Company
			(sq.m)	(US$ in millions)			
Frenchs Forest 1	New South Wales	2015	8,410	23.1	100%	3.5	92.2%
Wangara	Western Australia	2015	5,415	5.0	100%	0.6	92.2%
Wacol 2	Queensland	2014	12,246	16.0	100%	4.5	92.2%
Lane Cove	New South Wales	2017	9,751	35.8	88.6%	3.1	92.2%
Mt Waverley	Victoria	2014	8,916	14.5	77%	1.6	92.2%
Dingley	Victoria	2014	17,431	13.0	0%	N/A	92.2%
Smeaton Grange	New South Wales	2014	7,689	8.5	100%	2.8	92.2%
Frenchs Forest 2	New South Wales	2015	4,035	7.9	87%	2.4	92.2%
Sunshine West	Victoria	2013	10,467	8.2	100%	3.0	92.2%
Kingston	Queensland	2014	6,096	5.7	100%	4.1	92.2%
Welshpool	Western Australia	2007	6,925	5.4	100%	2.1	92.2%
Villawood	New South Wales	2015	19,645	18.8	96%	1.1	92.2%
Chullora	New South Wales	2014	6,428	10.6	100%	3.1	92.2%
Minto	New South Wales	2014	21,557	27.5	94%	2.3	92.2%
Derrimut	Victoria	2014	8,321	6.6	100%	2.4	92.2%
Archerfield	Queensland	2014	24,368	22.7	100%	3.7	92.2%
Braeside	Victoria	2014	7,598	8.3	100%	4.9	92.2%
Clayton 1	Victoria	2015	18,194	18.6	100%	13.2	92.2%
Clayton 2	Victoria	2015	10,468	11.3	100%	13.2	92.2%
Mt Kuring-Gai	New South Wales	2015	32,954	43.1	94.9%	2.8	92.2%
Canning Vale	Western Australia	2015	15,251	11.8	100.0%	1.9	92.2%
Epping	Victoria	2014	10,590	10.3	100.0%	2.0	92.2%
Richlands	Queensland	2014	9,818	10.5	89.2%	1.4	92.2%
Melbourne Markets	Victoria	2015	74,968	80.7	100.0%	3.3	92.2%
Tonka St	Queensland	2018	9,175	22.8	100.0%	9.1	92.2%
Sherbrooke Rd	Queensland	2019	5,203	9.8	100.0%	6.9	92.2%
Perry Rd	Victoria	2019	5,701	23.9	100.0%	11.8	92.2%

Notes:

(1) The valuations of our investment properties are determined through independent valuations by third-party property valuers. See the property valuation report included in Appendix VI to this document for more information. Valuation reports for certain Australia properties listed in this table have not been included in Appendix VI to this Document in accordance with Chapter 5 of the Listing Rules.

(2) "WALE" means weighted average lease expiry and represents the average remaining lease term to expiry (or remaining lease term to first lease break) by rental income (excluding outgoing recoveries for net leases), excluding vacancies, as adjusted to reflect the Company's pro rata share of any properties not wholly-owned.

(3) We subsequently increased our interest in Guangzhou Mingyue—I and II to 68.5% in August 2019.

In 2016, 2017 and 2018 and for the six months ended June 30, 2019, our top five balance sheet properties by rental revenue generated aggregate rental revenues of US$36.3 million, US$38.4 million, US$43.7 million and US$28.2 million, respectively, representing 72.2%, 66.4%, 58.8% and 51.3%, respectively, of total rental revenues generated from our balance sheet properties, and representing aggregate rental yields, calculated by dividing net operating income by the cost of the properties, of 10.2%, 10.3%, 10.6% and 10.9%, respectively. Net operating income is calculated by subtracting rental cost (including taxes) and administrative expenses (excluding depreciation and amortization) from rental revenue.

Fund Properties

The following table summarizes the completed properties held by our joint ventures and the other funds and investment vehicles we managed and the interest we held as of June 30, 2019. The completed properties held by our joint ventures and the other funds and investment vehicles we manage accounted for 45.5% of the Portfolio Assets by GFA as of June 30, 2019.

	Number of properties	Total GFA	Interest held by the Company[(1)]
		(sq.m in thousands)	
Joint ventures			
e-Shang Star Cayman Limited (PRC)	19	1,305.8	25.6%
Sunwood Star Pte. Ltd (South Korea)	4	600.4	20.0%
Other funds and investment vehicles			
The PRC	25	1,376.0	8.1%
Japan	14	1,230.8	9.6%
South Korea	10	380.1	10.0%
Australia	27	297.3	18.3%
India	2	62.2	74.8%[(2)]

Note:

(1) For other funds and investment vehicles, the percentage interest held by our Company in the completed properties is calculated on a weighted average basis by reference to the GFA of the properties held under the applicable funds and investment vehicles.

(2) We are in the process of issuing 50% of the shares in the India Fund to our joint venture partner.

In addition, we also hold investment interests in ESR-REIT and other investments primarily in listed companies, including our investments in Sabana REIT and AIMS AMP Capital Industrial REIT in Singapore, Centuria in Australia, CNLP in Hong Kong and others. As of June 30, 2019, these listed equity investments were classified under financial assets at fair value through other comprehensive income, which amounted to US$469.0 million. See the section headed "Financial Information—Analysis of Selected Consolidated Statements of Financial Position Items" in this Document for more information.

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 stabilized properties and pre-stabilized properties.
  - *Stabilized properties*, are completed properties: (i) for which construction or acquisition had been completed for more than 12 months; or (ii) reached an occupancy rate of 93% or higher.
  - *Pre-stabilized properties*, are completed properties: (i) for which construction or acquisition had been completed for less than 12 months; or (ii) with an occupancy rate of less than 93%.

- *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 center; 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.

For the PRC properties which we directly hold, a property valuation report has been prepared by Beijing Colliers International Real Estate Valuation Co., Ltd. For the two Japanese properties which we directly hold, RW Higashi-Ogishima DC PH1 and RW Higashi-Ogishima DC PH2, two property valuation reports have been prepared by Cushman & Wakefield K.K. For the Australian properties which we directly hold, a property valuation report has been prepared by CBRE Limited. Our classification of properties is based on how we view our business, while the classification of properties in the property valuation report in Appendix VI to this Document and the Accountants' Report in Appendix I to this Document have been prepared pursuant to the requirements of the relevant professions. The table below sets forth our classification of properties in this Document and the corresponding classification of properties in the property valuation report and the Accountants' Report:

This Document	Property Valuation Report	Accountants' Report
• Completed properties	• Completed	• Completed investment properties
• Properties under construction	• Construction in progress	• Investment properties under construction
• GFA on land held for future development	• Vacant land	• Investment properties under construction

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 licenses and approvals to develop such properties, or any such licenses 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 labor; 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 Document 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 June 30, 2019, our property management team, along with third party property managers that we hired in connection with our Japan operations, provided services to over 586 tenants in the 269 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 twelve 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 customized 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 endeavor 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 organize "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 unauthorized 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.

In 2016, 2017 and 2018 and for the six months ended June 30, 2019, rental revenue generated from the single largest tenant of our balance sheet properties accounted for approximately 19.7%, 12.6%, 9.3% and 9.8%, respectively, of our total revenue. For the same periods, rental revenue attributable to the five largest tenants of our balance sheet properties accounted for approximately 40.7%, 25.8%, 17.4% and 13.8%, respectively, of our total revenue. Our five largest tenants for each year during the Track Record Period are independent third parties. In 2016 and 2017, three of our five largest tenants were e-commerce companies and two were bricks-and-mortar retailers. In 2018, two of our five largest tenants were e-commerce companies, two were manufacturers and one was a bricks-and-mortar retailer. For the six months ended June 30, 2019, one of our five largest tenants was an e-commerce company, one was a bricks-and-mortar retailer and three were manufacturers.

We expect the proportion of the Portfolio Assets held in the funds and investment vehicles we manage to increase in the future, resulting in a decrease in the percentage of revenue attributable to our five largest tenants.

Funds and Investment Vehicles

We manage 30 funds and investment vehicles and generate revenue from the management of those funds and investment vehicles. In 2016, 2017 and 2018 and for the six months ended June 30, 2019, revenue generated from the single largest fund we managed on the basis of management fee income accounted for approximately 10.9%, 12.2%, 12.0% and 8.8%, respectively, of our total revenue. For the same periods, revenue attributable to the five largest funds and investment vehicles we managed, all of which were development funds and investment vehicles, accounted for approximately 34.0%, 31.5%, 27.9% and 23.8%, respectively, of our total revenue.

SUPPLIERS

Our suppliers primarily consist of construction companies, property management companies, interior designers and commercial real estate brokers. In 2016, 2017 and 2018 and for the six months ended June 30, 2019, transaction amounts with our single largest supplier accounted for approximately 16.7%, 20.3%, 10.8% and 11.3%, respectively, of our total purchase amount incurred in the period. For the same periods, transaction amounts with our five largest suppliers in aggregate accounted for approximately 35.5%, 38.1%, 20.0% and 19.0%, respectively, of our total purchase amount incurred in the period. These suppliers are mostly construction contractors. 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. Our five largest suppliers are independent third parties.

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, allow us to compete favorably with our competitors. For additional details about the competitive environment we operate in, see the JLL Report included in Appendix IV to this Document.

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 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 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 recognize 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 urbanization 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. See the section headed "Financial Information—Quantitative and Qualitative Disclosures About Market Risk" for more information.

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, analyzed 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.
- We have in-house personnel that review our internal control measures on a continuing basis.

For more details regarding risk management of our fund management business, see the paragraph headed "—Principal Business Activities—Fund Management—Fund Investment Process" in this section of the Document.

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" in this Document.

TITLES, LICENSES, PERMITS AND APPROVALS

Our PRC Legal Advisor has advised that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all the requisite licenses, permits and approvals from the relevant government authorities that are material for our business operations in the PRC.

During the Track Record period and up to the Latest Practicable Date, we have obtained all material requisite licenses, permits and approvals for our business operations in the other markets where we operate.

The following table sets forth details of our material licenses and permits:

License/Permit	Holder	Issuing Authority	Issuance Date	Expiry Date
Real Estate Brokerage License	ESR LTD	Governor of Tokyo	April 21, 2017	April 20, 2022
Investment Advisory and Agency Registration	ESR LTD	Financial Services Agency of Japan	May 27, 2008	No expiry date
Type II Financial Instruments Business Registration	ESR LTD	Financial Services Agency of Japan	May 27, 2008	No expiry date
Capital Markets Services License to conduct Real Estate Investment Trust Management	ESR Funds Management (S) Limited (f.k.a. Cambridge Industrial Trust Management Limited)	Monetary Authority of Singapore	November 8, 2016	No expiry date
Registration of Private Equity Investment Fund Manager	Shanghai Yizong Equity Investment Fund Management Co., Ltd.	Asset Management Association of China	November 21, 2017	No expiry date
License for real estate development business	Kendall Square Logistics Properties, Inc.	Ministry of Land, Infrastructure and Transport (South Korea)	November 7, 2017	No expiry date
License for Professional Private Placement Collective Investment Business	Kendall Square Asset Management, Inc.	Financial Services Commission (South Korea)	December 23, 2016	No expiry date
License for Foreign Exchange Business	Kendall Square Asset Management, Inc.	Ministry of Economy and Finance (South Korea)	May 24, 2017	No expiry date

License/Permit	Holder	Issuing Authority	Issuance Date	Expiry Date
Australian Financials Services License—Retail	ESR RIM (Australia) Ltd	Australian Securities & Investment Commission	July 3, 2019	No expiry date
Australian Financials Services License—Wholesale	ESR WIM (Australia) Pty Ltd	Australian Securities & Investment Commission	July 3, 2019	No expiry date
Real Estate License—NSW	ESR Asset Management (Australia) Pty Limited	New South Wales Fair Trading	May 5, 2015	May 4, 2020
Real Estate License—Victoria	ESR Asset Management (Australia) Pty Limited	Victorian Licensing Authority	May 6, 2015	May 5, 2020
Building—Unlimited	CIP Constructions (VIC) Pty Ltd	Victorian Building Authority (VBA)	July 1, 2018	April 19, 2023
Builder	CIP Constructions (NSW) Pty Ltd	NSW Government Fair Trading	February 1, 2017	February 8, 2020
Builder Open—Restricted	CIP Constructions (QLD) Pty Ltd	Queensland Building and Construction Commission (QBCC)	September 29, 2018	September 29, 2021
Registered Building Contractor (Company)	CIP Constructions (WA) Pty Ltd	Building Commission—Government of Western Australia Department of Commerce	November 1, 2017	November 1, 2020
Building Work Contractor	CIP Constructions (SA) Pty Ltd	Consumer and Business Services—Government of South Australia	November 18, 2014	November 30, 2019
Certificate of Approval as an Approved Investment Manager	ESR QFLP GP Holdings Limited	Financial Services Commission of BVI	July 31, 2019	No expiry date
Certificate of Registration—Foreign Portfolio Investor	ESR India Investor PTE LTD	Securities and Exchange Board of India	February 26, 2018	No expiry date

INTELLECTUAL PROPERTY RIGHTS

We currently have 32 registered trademarks in total, 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. We currently use our ESR logo "" in the PRC, Hong Kong, Japan, South Korea and Singapore, as well as "易商", "益商" and their respective accompanying designs in the PRC. We have also registered our logo in Australia and India and intend to display our logo on Portfolio Assets in Australia and India in the future. For further information on these intellectual property rights, see the section headed "Statutory and General Information—Intellectual Property Rights of our Group" in Appendix VIII to this Document for further details.

As of the Latest Practicable Date, we are not aware of any 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 utilize enterprise software platforms including SAP and Salesforce to aggregate and analyze 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. For example, we are in the process of implementing the SAP enterprise software platforms at our Australia and India operations, which we expect to be implemented in 2019.

EMPLOYEES

As of June 30, 2019, we had 595 employees in seven locations. The following tables summarize the number of employees we have by geographical location and function as of June 30, 2019:

Employees by Geographical Location

	As of June 30, 2019
The PRC	167
Japan	58
South Korea	43
Singapore	101
Hong Kong	27
Australia	151
India	48
Total	**595**

Employees by Function

	As of June 30, 2019
Investment/Divestment	51
Project Development Management	173
Leasing/Marketing	42
Asset/Property Management	126
Finance/Accounting	99
General Management/Administration	104
Total	**595**

We actively recruit skilled and qualified personnel, including university and advanced degree graduates and employees with relevant working experience. The remuneration package of our employees includes salary, bonuses and other cash elements. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. We are subject to social insurance contribution plans organized by relevant local governments. We believe that the salaries and benefits that our employees receive are competitive with market standards in each country where we conduct business.

None of our employees is a member of a labor union. We have not experienced any strikes or disruptions to our operations due to labor disputes. We believe that our relationships with our employees are good.

We have compliance training programs that aim to support and encourage members of our management team to continue improving their management skills, including online training. We also provide our management training and development opportunities relevant to their professions in areas of technical knowledge, professional qualification and soft skills to improve their skills and develop their careers. We provide orientation for newly hired employees as well as continuing training for existing employees. In addition to compliance training, we provide on-the-job training on a regular basis on various topics, which is designed to improve the skills of our employees.

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. Optimizing the sustainability potential in new developments through green design initiatives positions a property well to minimize 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 programs (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 cleanup costs. All of our development properties are constructed in accordance with the relevant local environmental regulations.

Save for CIP, with respect to our development projects, 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. With our acquisition of CIP in August 2018, we have added in-house construction to our business activities that are subject to the applicable environmental, health or safety-related laws and regulations in Australia. 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. During the Track Record Period and as of the Latest Practicable Date, none of us or any of our subsidiaries was involved in any material environmental, health or safety-related incident. 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

During the Track Record Period and as of the Latest Practicable Date: (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 or results of operations; 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.

Set forth below is a summary of our certain of our non-compliance matters during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters:

Non-compliance Matter

As of the Latest Practicable Date, 35.2% of our lease agreements with tenants in the PRC by GFA, which covers GFA of approximately 0.36 million sq.m., and 2.6% of the lease agreements for the properties we lease in the PRC by number of lease agreements had been registered and filed with the relevant land and real estate administration bureaus.

Reasons for the Non-compliance

The registration of the leases requires cooperation of the tenants or lessors, including the provision of various original documents to the local authority by the tenants or lessors. We were not able to complete the remaining lease registration processes as the relevant tenants or lessors did not cooperate and provide us with the necessary documentation required under the relevant PRC legislation and/or by the relevant local authorities, 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 licenses (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 leases with the local government authorities. While we have been trying to register these leases throughout the Track Record Period, our tenants were not willing to cooperate primarily because the non-registration does not affect the validity of the leases and due to the inconvenience caused by providing the various original documents. Furthermore, cooperating in the lease registration process was not part of the contractual obligation of our tenants under our lease agreements in the past.

Legal Consequences and Potential Maximum Penalties

As advised by our PRC Legal Adviser, failure to complete the registration and filing of lease agreements does not affect our rights or entitlements to lease out the facilities to tenants, or the validity of the lease agreements 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 shall be filed for registration and recorded with the relevant local real estate administration authorities. According to the Administrative Measures for Commodity House Leasing (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 some PRC local governments have not issued or implemented specific penalty rules for the non-registration of lease agreements, our PRC Legal Advisor conducted an estimate based on the penalty rules that have been published by relevant PRC local governments and has advised us that as of the Latest Practicable Date, we may be subject to an estimated maximum penalty of approximately RMB0.46 million (US$0.06 million) in aggregate for the non-registration of these lease agreements, which our Directors believe will not have any material adverse impact on our business operations or financial performance if imposed on us by the relevant authorities. See the section headed "Risk Factors—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" in this Document for further details.

Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance

While we have no control over the cooperation efforts of tenants or lessors, we endeavor to complete the lease registration in a proper manner. We are in the process of registering the remaining lease and will take all reasonable and practical steps to ensure that it is registered. In particular, we started to undertake the following enhanced internal control measures to ensure cooperation by our tenants or lessors in November 2018, including the following:

- we have established a team to work on the lease registration by proactively communicating with the tenants and lessors in order to obtain their cooperation and collect the application documents for the relevant lease registration;
- each team member was designated to specific projects that they will be responsible for;
- our legal team runs periodic review of the status of lease registration;

- we have also revised our lease templates to include the cooperation of tenants for lease registration as a contractual obligation for our tenants. We will insist on the inclusion of such terms during negotiation. To the extent any tenants breach this obligation, we are entitled to take necessary legal actions to enforce this contractual obligation; and
- we will request the inclusion of such term with our lessors upon renewal of existing leases or signing of future leases to ensure our lessors are also contractually obligated to cooperate with us in the lease registration process.

In the opinion of our PRC Legal Advisor, none of the above administrative penalties and regulatory measures will become a material legal obstacle to our **[REDACTED]**. Considering the nature, scale, reasons and potential impact of the non-compliance incidents disclosed in this section in this Document, our Directors take the view that none of the non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period.

We have engaged an independent internal control consultant to review our internal control measures and make recommendations. Among other things, our internal control consultant reviewed our license application procedures. Based on the recommendations of our internal control consultant, we have implemented enhanced procedures, including proper documentation and more efficient internal approval process for license applications, updates and renewals. In addition, our Directors believe that we have established adequate internal control measures to ensure that we will be able to obtain and maintain all the material government filings, approval and permits required for our business operation. Such measures include the following:

- we will have an audit committee comprising independent non-executive Directors to supervise our internal control systems and an investment committee to supervise our investment process and the investment process of the funds and investment vehicles we manage;
- our legal and compliance department will continue to oversee our legal and regulatory compliance related matters, including closely monitoring any updates to applicable laws and regulations;
- our legal, financial and operational departments continually review the implementation of our internal policies and measures to ensure our policies and implementation are effective and sufficient for the prevention of any potential non-compliance, and will organize internal trainings if any potential non-compliance or implementation shortfall is identified;
- we will retain external legal advisor(s) to advise on compliance matters when necessary;
- our audit department will conduct internal annual audits of our business lines based on the requirements of relevant rules and regulations so as to ensure that all activities are being carried out in accordance with our compliance policy and procedures; and
- we have in-house personnel that review our internal control measures on a continuing basis.

For more details regarding our internal control process, see the paragraph headed "—Risk Management and Internal Control" in this section of the Document.

The Joint Sponsors concur with the Directors' view that none of the non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the

Track Record Period, having considered the implementation of the enhanced internal policies and measures by us. However, we cannot predict the outcome of any pending or future examination, investigation or litigation, we cannot assure you that any pending legal and regulatory matters will not have a material adverse effect on our reputation, business, financial condition or results of operations and we cannot assure you that any future litigation or regulatory proceeding will not have a material adverse effect on our reputation, business, financial condition or operating results.

CONNECTED TRANSACTIONS

We currently do not expect to have any transactions with connected persons of the Group immediately following the **[REDACTED]**. We will comply with the applicable reporting, announcement, annual review and/or independent shareholders' approval requirements in accordance with the Listing Rules if we enter into any connected transactions after the **[REDACTED]**.

THE PROPERTYLINK ACQUISITION

Propertylink is an internally-managed REIT previously listed on the ASX, specializing 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 March 20, 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% of Propertylink and became its single largest securityholder. We subsequently completed our acquisition of 100% of the securities of Propertylink in April 2019. Propertylink was delisted from the ASX on April 26, 2019. The three entities that comprised Propertylink were de-stapled on May 30, 2019. For further information on our acquisition of Propertylink, see the sections headed "History, Development and Corporate Structure—Propertylink Acquisition." We have included pre-acquisition financial information of Propertlink in Appendices II-A and II-B to this Document. For further information about the historical financial results of Propertylink, see the section headed "Financial Information—Financial Information of Propertylink."

The consideration paid by us to acquire Propertylink and any associated transaction costs were funded by us through a combination of:

- external debt provided to us under the External Acquisition Facility (a AUD230 million (approximately US$155.2 million) share acquisition bridging facility); and
- existing cash and cash equivalents sources within our Group including pursuant to the Internal Equity Commitment (an equity commitment letter for up to AUD352 million (approximately US$237.6 million)).

The External Acquisition Facility was used as a bridging facility and has now been refinanced with debt that is secured by the underlying assets of Propertylink.

We are committed to a long term investment in logistics real estate in the Australian market. Our acquisition of Propertylink, like our acquisition of CIP, 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. As of March 20, 2019, the majority of the assets managed by Propertylink were fully developed as Propertylink was not heavily engaged in development. In line with our capital recycling strategy, we plan to own and manage certain of these assets within our Group and to transfer certain of these assets into new funds and investment vehicles managed by us. For more information, see the section headed "Summary—Recent Developments—New Australia Fund" in this Document.

For more information on the risks related to our acquisition of Propertylink, see the section headed "Risk Factors—Risks Relating to Our Business and Industry—We may not realize the expected benefits of our acquisition of Propertylink" in this Document.