IMPORTANT NOTICE

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

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

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

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

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

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

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

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

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

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

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SUBJECT TO COMPLETION, DATED 23 JANUARY 2019 STRICTLY CONFIDENTIAL

PRELIMINARY SUPPLEMENTAL OFFERING CIRCULAR

Supplemental Offering Circular dated [●] 2019

ESR CAYMAN LIMITED

(Incorporated with limited liability in the Cayman Islands)

(Company Registration Number: 257877)

Issue of S$[●] [●] per cent. Fixed Rate Notes due [●]

under its

U.S.$2,000,000,000

Multicurrency Debt Issuance Programme

This Supplemental Offering Circular (the "**Supplemental Offering Circular**") is supplemental to the Offering Circular dated 12 May 2017 (the "**Offering Circular**") and is prepared in connection with the issue of S$[●] [●] per cent. Fixed Rate Notes due [●] (the "**Notes**") by ESR Cayman Limited (the "**Issuer**") under its U.S.$2,000,000,000 Multicurrency Debt Issuance Programme (the "**Programme**"). This Supplemental Offering Circular is supplemental to, forms part of and should be read in conjunction with, the Offering Circular. Terms defined in the Offering Circular have the same meaning when used in this Supplemental Offering Circular.

For so long as the Hana Notes (as defined herein) remain outstanding, the Notes shall constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and will rank junior in priority to all claims of senior creditors of the Issuer (including but not limited to, holders of the Hana Notes) and will rank at least *pari passu* with all other Parity Obligations (as defined in the Pricing Supplement (as defined herein)) of the Issuer and in priority to the claims of ordinary shareholders and other Junior Obligations (as defined in the Pricing Supplement) of the Issuer. For so long as the Hana Notes remain outstanding, upon the occurrence of any winding-up proceeding, the rights of the holders of the Notes to payment on such Notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer, except as those liabilities which rank equally with or junior to the Notes. From and including the date on which the Hana Notes have been redeemed in full or are otherwise no longer outstanding, the Notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. Please see "*Pricing Supplement in relation to the Notes*" of this Supplemental Offering Circular for further details of the modifications to the Terms and Conditions of the Notes.

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

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

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

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

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

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

Joint Global Coordinators and Joint Bookrunners

Credit Suisse	**Bank of America Merrill Lynch**	**DBS Bank Ltd.**	**Standard Chartered Bank**	**UOB**

Joint Bookrunner

UBS

The information in this preliminary supplemental offering circular is not complete and may be changed. This preliminary supplemental offering circular is not an offer to sell these securities and nor does it seek an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

NOTICE TO INVESTORS

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

This Supplemental Offering Circular is to be read in conjunction with the Offering Circular and the pricing supplement dated [●] 2019 (the "**Pricing Supplement**").

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

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

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

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

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

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR

THE ACCURACY OR THE ADEQUACY OF THIS SUPPLEMENTAL OFFERING CIRCULAR, THE OFFERING CIRCULAR OR THE PRICING SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Supplemental Offering Circular, the Offering Circular and/or the Pricing Supplement is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

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

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

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

Neither this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement nor any other document or information (or any part thereof) delivered and supplied under or in relation to the Programme or the Notes is intended to provide the basis of any credit or other evaluation of the Issuer or the Group and should not be considered as a recommendation by any of the Issuer, the Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, that any recipient of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or any other financial statements should purchase the Notes. Each potential purchaser of Notes shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and the Group, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and the Group. Accordingly, notwithstanding anything herein, none of the Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, shall be held responsible for any loss or damage suffered or incurred by the recipients of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement or such other document or information (or such part thereof). None of the Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Supplemental Offering Circular, the Offering Circular, the Pricing Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Bookrunners, the Trustee, the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person.

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

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

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

STABILISATION

In connection with the issue of the Notes, the Joint Bookrunner named as the stabilising manager (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) in the Pricing Supplement may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws, rules and regulations.

ROUNDING OF AMOUNTS

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

INDUSTRY AND MARKET DATA

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

CERTAIN DEFINED TERMS AND CONDITIONS

In this Supplemental Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Singapore dollars**" and "**S$**" are to the lawful currency for the time being of Singapore, all references to "**Australian Dollars**", "**A$**" or "**AUD**" are to the lawful currency for the time being of Australia, all references to "**U.S. dollars**", "**US$**" and "**U.S.$**" are to the lawful currency for the time being of the United States of America, all references to "**Euro**" and "**€**" are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time, and all references to "**CNY**", "**Renminbi**" and "**RMB**" are to the lawful currency for the time being of the PRC.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

FINANCIAL STATEMENTS

The Group's audited consolidated financial statements for the financial year ended 31 December 2017 (the "**Audited Financial Statements**") contained in this Supplemental Offering Circular were prepared and presented in accordance with International Financial Reporting Standards. Unless the context otherwise requires, financial information in this Supplemental Offering Circular is presented on a consolidated basis. Unless otherwise noted, all consolidated financial information in relation to the Issuer presented in this Supplemental Offering Circular in relation to the financial years ended 31 December 2016 and 31 December 2017 have been extracted or derived from the Group's Audited Financial Statements.

The Group's selected unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2017 and 2018, as set out in the section entitled "Selected Financial Information", have been derived from the Group's unaudited and unreviewed consolidated financial statements for the nine months ended 30 September 2018 (the "**Interim Financials**"). Such unaudited and unreviewed consolidated financial information included in this Offering Circular has not been audited or reviewed by Ernst & Young Hua Ming LLP. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and the financial information derived from the Interim Financials should not be relied upon by investors to provide the same type or quality of information associated with information that has been subject to an audit or review by an independent auditor. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations or to predict the Group's future performance. In addition, the Group's historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period. None of the Joint Bookrunners or any of their affiliates, directors or advisors makes any representation or warranty, express or implied, regarding the accuracy or completeness of such unaudited and unreviewed consolidated financial information or their sufficiency for an assessment of the Group and/or the Notes. See "*Risk Factors — Risks Relating to our Business and Industry — The Interim Financials are not audited or reviewed.*" for further details.

DOCUMENTS TO BE READ IN CONJUNCTION WITH THIS SUPPLEMENTAL OFFERING CIRCULAR

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

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

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SELECTED FINANCIAL INFORMATION

The selected audited consolidated financial information of the Group as of and for the financial years ended 31 December 2016 and 2017 have been derived from the Audited Financial Statements included in this Offering Circular and should be read together with such financial statements and the notes thereto.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

	Year ended 31 December	
	2016	**2017**
	USD'000	**USD'000**
REVENUE	96,737	153,289
Cost of sales	(2,655)	(3,487)
Gross profit	94,082	149,802
Other income and gains	135,145	284,118
Administrative expenses	(57,650)	(106,774)
Fair value loss on derivative financial instruments	(12,133)	—
Finance costs	(55,895)	(90,612)
Share of profits and losses of joint ventures, net	36,352	37,000
Profit before tax	139,901	273,534
Income tax expense	(34,888)	(72,340)
Profit for the year	105,013	201,194
Attributable to:		
Owners of the parent	88,436	186,625
Non-controlling interests	16,577	14,569
	105,013	201,194

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017 (continued)

	Year ended 31 December 2016 USD'000	Year ended 31 December 2017 USD'000
Profit for the year	105,013	201,194
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments, net of tax	250	(10,388)
Exchange differences on translation of foreign operations	(38,371)	46,344
Share of other comprehensive (loss)/income of joint ventures	(11,098)	16,367
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(49,219)	52,323
Other comprehensive (loss)/income for the year, net of tax	(49,219)	52,323
Total comprehensive income for the year	55,794	253,517
Attributable to:		
Owners of the parent	40,114	235,987
Non-controlling interests	15,680	17,530
	55,794	253,517

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

	As at 31 December	
	2016	**2017**
	USD'000	**USD'000**
NON-CURRENT ASSETS		
Property, plant and equipment	2,446	17,360
Investments in joint ventures	198,225	313,081
Financial assets at fair value through profit or loss	140,577	362,073
Available-for-sale investments	1,492	189,816
Investment properties	942,929	1,189,203
Goodwill	210,480	226,232
Other intangible assets	25,048	48,181
Other non-current assets	49,772	22,709
Deferred tax assets	9,309	10,353
Total non-current assets	1,580,278	2,379,008
CURRENT ASSETS		
Trade receivables	9,271	30,448
Prepayments, deposits and other receivables	22,284	37,139
Cash and bank balances	485,545	600,791
Total current assets	517,100	668,378
CURRENT LIABILITIES		
Bank loans and other borrowings	75,862	91,706
Trade payables, accruals and other payables	30,425	58,705
Income tax payable	1,937	9,616
Total current liabilities	108,224	160,027
NET CURRENT ASSETS	408,876	508,351
TOTAL ASSETS LESS CURRENT LIABILITIES	1,989,154	2,887,359

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017 (continued)

	As at 31 December	
	2016	2017
	USD'000	USD'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	109,952	138,447
Bank loans and other borrowings	759,403	741,729
Redeemable convertible preference shares	246,156	264,199
Financial liabilities at fair value through profit or loss	12,592	13,671
Other non-current liabilities	10,662	22,196
Total non-current liabilities	1,138,765	1,180,242
NET ASSETS	850,389	1,707,117
EQUITY		
Equity attributable to owners of the parent		
Issued capital	1,963	2,335
Perpetual capital securities	—	98,845
Equity component of redeemable convertible instruments	65,548	63,836
Other reserves	698,800	1,415,546
	766,311	1,580,562
Non-controlling interests	84,078	126,555
Total equity	850,389	1,707,117

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2017

	Year ended 31 December	
	2016	**2017**
	USD'000	**USD'000**
Net cash flows generated from operating activities	20,499	33,850
Net cash flows used in investing activities	(264,271)	(472,801)
Net cash generated from financing activities	523,621	529,237
Net increase in cash and cash equivalents	279,849	90,286
Cash and cash equivalents at beginning of year	144,319	411,765
Effect of foreign exchange rate changes, net	(12,403)	24,937
Cash and cash equivalents at end of year	411,765	526,988

1. REVENUE

	Year ended 31 December 2016 USD'000	2017 USD'000
Rental income	50,273	57,844
Management fee income	46,464	94,268
Solar income	—	1,177
Construction income	—	—
	96,737	153,289

2. FINANCE COST

	Year ended 31 December 2016 USD'000	2017 USD'000
Interest expense on bank loans	24,491	35,666
Interest expense on other borrowings	37,707	18,339
Dividend on redeemable convertible preference shares	—	12,960
	62,198	66,965
Impact of equity element of redeemable convertible preference shares	—	28,367
	62,198	95,332
Less: Interest capitalised	(6,303)	(4,720)
	55,895	90,612

3. BANK LOANS AND OTHER BORROWINGS

	As at 31 December	
	2016	2017
	USD'000	USD'000
Current		
Bank — secured	75,862	91,706
Non-current		
Bank — secured	479,692	443,646
Other borrowing — secured	279,711	298,083
	759,403	741,729
	835,265	833,435

The Group's selected unaudited and unreviewed consolidated financial information as of and for the nine months ended 30 September 2017 and 2018, have been derived from the Interim Financials. Such unaudited and unreviewed consolidated financial information has not been audited or reviewed by Ernst & Young Hua Ming LLP. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and the financial information derived from the Interim Financials should not be relied upon by investors to provide the same type or quality of information associated with information that has been subject to an audit or review by an independent auditor. Investors should exercise caution when using such data to evaluate or be taken as an indicator of the Group's financial condition and results of operations or to predict the Group's future performance. In addition, the Group's historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period. None of the Joint Bookrunners or any of their affiliates, directors or advisors makes any representation or warranty, express or implied, regarding the accuracy or completeness of such unaudited and unreviewed consolidated financial information or their sufficiency for an assessment of the Group and/or the Notes. See "Risk Factors — Risks Relating to our Business and Industry — The Interim Financials are not audited or reviewed." for further details.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 AND 2018

	Nine months ended 30 September	
	2017	**2018**
	USD'000	**USD'000**
	(Unaudited and unreviewed)	**(Unaudited and unreviewed)**
REVENUE	109,376	170,199
Cost of sales	(2,152)	(17,959)
Gross profit	107,224	152,240
Other income and gains	170,522	156,991
Administrative expenses	(67,696)	(111,806)
Fair value loss on derivative financial instruments	—	—
Finance costs	(65,344)	(72,382)
Share of profits and losses of joint ventures, net	24,930	51,785
Profit before tax	169,636	176,828
Income tax expense	(40,592)	(38,262)
Profit for the period	129,044	138,566

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	As at 30 September 2018 USD'000 (Unaudited and unreviewed)
NON-CURRENT ASSETS	
Property, plant and equipment	13,844
Investments in joint ventures	372,556
Financial assets at fair value through profit or loss	319,485
Financial assets at fair value through other comprehensive income	459,094
Investment properties	1,756,504
Goodwill	266,764
Other intangible assets	50,914
Other non-current assets	19,242
Deferred tax assets	10,293
Total non-current assets	3,268,696
CURRENT ASSETS	
Trade receivables	73,513
Prepayments, deposits and other receivables	95,421
Cash and bank balances	826,332
Total current assets	995,266
CURRENT LIABILITIES	
Bank loans and other borrowings	139,278
Trade payables, accruals and other payables	70,765
Income tax payable	4,835
Total current liabilities	214,878
NET CURRENT ASSETS	780,388
TOTAL ASSETS LESS CURRENT LIABILITIES	4,049,084

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018 (continued)

	As at 30 September 2018 USD'000 (Unaudited and unreviewed)
NON-CURRENT LIABILITIES	
Deferred tax liabilities	168,533
Bank loans and other borrowings	1,319,906
Redeemable convertible preference shares	291,944
Financial liabilities at fair value through profit or loss	13,997
Other non-current liabilities	36,220
Total non-current liabilities	1,830,600
NET ASSETS	2,218,484
EQUITY	
Equity attributable to owners of the parent	
Issued capital	2,689
Perpetual capital securities	97,379
Equity component of redeemable convertible instruments	37,132
Other reserves	1,880,191
	2,017,391
Non-controlling interests	201,093
Total equity	2,218,484

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

The economies in APAC may be adversely impacted by actual or expected decreases in the growth of the global economy, consumption and investment. Regional and global economic factors may adversely affect the economic growth in countries in which we do business, including the countries where we operate. In particular, the PRC economy has experienced slowing investments in recent period and may face additional pressures from the Sino-U.S. trade conflicts. There can be no assurance that a recession or slower economic growth globally or in APAC will not result in reduced demand for modern logistics properties, or a decrease in the confidence of our tenants, capital partners and shareholders, or lower property prices in countries in which we do business. Moreover, the performance of logistics properties directly held by us and by the funds and investment vehicles we manage (collectively, "**Portfolio Assets**", and each, a "**Portfolio Asset**") depends, in part, on the volumes of trade flowing through APAC, including the countries where we operate. Factors such as more favourable regulatory, taxation and tariff regimes, cheaper terminal costs, cost competitiveness of competing ports and the growth of the e-commerce and 3PL sectors may divert trade away from the region. Moreover, South Korea and India have experienced and may continue to experience political instability. Such political instability could have an adverse impact on the economic and social conditions of those countries, resulting in a material adverse effect on our business, financial condition, results of operations, performance and prospects in those countries.

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

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

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

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

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

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

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

- unpredictability as to whether we can maintain the same or similar growth and profitability as we have achieved in the two years ended 31 December 2016 and 2017, and the nine months ended 30 September 2018;

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

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

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

- difficulty in building, implementing and maintaining standardisation of operational and information technology systems, and internal controls;

- difficulty in staffing and managing and maintaining a high calibre employee base;

- management communication and integration problems arising from cultural differences and geographic dispersion;

- potentially lengthy decision-making process resulting from multiple layers of regional and local management;

- difficulty in tailoring and implementing our business strategies to local markets, and monitoring the status of business expansion in local markets;

- difficulty in striking a balance between central oversight and control and delegation of authority to local offices;

- multiple competitive pressures from a diverse competitive environment at the local level;

- difficulty in maintaining quality standards of construction and leasing consistent with our standards;

- difficulty in attracting and maintaining resourceful capital partners in our various markets;

- exposure to the risk of harm to our reputation which could develop rapidly across the markets where we operate; and

- compliance with a wide variety of laws and regulations.

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

Our business is intensely competitive.

Our fund management business faces significant competition from other private funds, specialist investment funds, hedge fund sponsors, financial institutions, corporate buyers and other parties. In particular, our fund management business faces competition in the pursuit of capital partners and in seeking profitable investment opportunities, while ESR-REIT and new REITs that we may manage or invest in in the future face competition primarily in acquiring additional properties. In raising capital for the funds and investment vehicles we manage, we compete primarily on quality of portfolio assets; investment performance; focus and alignment of our interests to our capital partners' interests;

categories of products provided and scope of services; quality of service provided to and relationship with capital partners; level of fees and expenses charged for services; brand recognition; and transaction execution skills, among others. For acquisitions and investment opportunities, we compete primarily on price, speed of execution, access to market information about suitable investment opportunities and payment terms, access to capital, among other factors. For example, REITs generally require obtaining unitholders' approval to raise funds before completion of any acquisitions, and therefore may require longer completion periods as compared to private funds and corporate buyers.

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

A number of factors serve to increase our competitive risks:

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

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

- some competitors may also have a lower cost of capital and access to funding sources that are not available to us;

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

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

- new entrants into our markets will result in increased competition.

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

The returns from investments in the Portfolio Assets could be adversely affected by fluctuations in the income generated from, and the value of, the Portfolio Assets and other factors, which may be further affected by the concentration of the Portfolio Assets in asset class.

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

- the asset classes and quality of the Portfolio Assets;

- overall economic conditions in regions where we operate, such as growth or contraction in gross domestic product, consumer confidence or sentiment, employment trends, the level of inflation, foreign exchange rates, interest rates and the credit environment;

- local real estate market conditions, such as the level of demand for, and supply of, logistics properties;

- competitiveness of logistics properties supplied by other players with lower costs, superior locations, and better management skills and services;

- changes in legal and regulatory framework and government guidance eliminating favourable policies of or imposing restrictions on real estate or logistics real estate developments, leasings and maintenance, such as changes in environmental, tax, planning, tenancy or zoning laws or government guidelines;

- reduced tenants' demand or loss of major tenants arising from factors including, but not limited to, the perception of tenants of the utility and convenience of the relevant Portfolio Asset, changes in building and system technologies, supply chain management, or local or regional infrastructure;

- our ability to procure adequate management, maintenance or insurance;

- the skills, management knowhow, professionalism of our management team and its ability to respond to changing market conditions;

- our ability to negotiate rent on favourable terms and collect rent on a timely basis;

- poor economic conditions resulting in tenants defaulting on leases or increases in vacancy rates;

- title defects affecting the Portfolio Assets which could affect the ability of the relevant tenants to operate on such properties; and

- external factors including major world events, such as war and terrorist attacks, and natural disasters, such as floods and earthquakes.

In addition, other factors may adversely affect the values of the Portfolio Assets without necessarily affecting their revenues and operating income, including potential environmental or other legal liabilities, unforeseen capital expenditures and the availability of financing. As the funds and investment vehicles we manage generally have limited operating history, some of which have not yet realised returns for our capital partners as those funds have not yet sold the assets which are being developed, it would be difficult to evaluate our investment performance and prospects. If we are unsuccessful in addressing any of the above-mentioned the risks or challenges associated with the Portfolio Assets, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Further, the funds and investment vehicles we manage and the logistics properties we own are limited as to diversification of investments by asset class (namely, the logistics real estate sector), and we intend to remain concentrated in the logistics real estate sector going forward, which may entail certain industry-related risks. During periods of difficult market conditions or slowdowns in this sector, the rental income generated by the Portfolio Assets and/or the capital value of such properties may decline, which may further exacerbate return from investment of the Portfolio Assets.

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

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

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

Further, tenants of the Portfolio Assets may at any time experience a downturn in their business that may weaken their financial conditions. Changes to local, regional and global economic conditions or other internal or external factors may cause tenants of the Portfolio Assets to downsize or close their operations. As a result, tenants may relocate, fail to make rental payments when due, require a restructure of their lease terms, sub-lease the relevant properties to third parties in breach of the head lease term without our consent, declare bankruptcy, or enter into liquidation, any of which may reduce cash flow from their leases. In particular, the loss of a significant number of our tenants or major tenants of the Portfolio Assets may significantly reduce, both directly and indirectly, our future cash flows, rental income and fee income. In the event of default by a significant number of tenants or a default by any of the major tenants on all or a significant portion of their leases, we would suffer decreased rents and possibly incur substantial costs in enforcing our rights as a landlord, which could have a material adverse effect on our business, results of operations and cash flows. Moreover, as many of the major tenants of the Portfolio Assets operate in correlated sectors such as e-commerce and 3PL, these tenants may be affected by the same macro-economic factors within a region. The financial conditions of certain major tenants in one sector may also affect the tenants operating in another sector. As a result, the deterioration in the performance of the Portfolio Assets due to the major tenants' weakened financial conditions could have a material adverse effect on our business, results of operations and cash flows.

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

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

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

Acquisition activities of property assets also include the following risks:

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

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

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

- we may abandon acquisition opportunities in respect of which we have incurred costs to explore. In the normal course of business we enter into a number of non-binding memoranda of understanding ("**MOUs**") for land for our future acquisition or development but for which we have not entered into master investment agreements with regulatory authorities or private landowners. We cannot assure you that these MOUs will result in completed transactions;

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

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

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

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

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

Our business, in particular the funds and investment vehicles we manage, requires substantial capital investment. We have in the past financed our business and operations through internal cash flows, private equity fundraising, public bond offerings and commercial bank loans, among other things. We may, in the future, require additional financing to fund our capital expenditures to support the future growth of our business and/or to refinance our existing debt obligations. The funds and investment vehicles we manage may also require additional financing to fund or refinance their existing projects and complete profitable acquisitions. Our ability to arrange external financing and manage the cost of such financing is dependent on numerous factors, including general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, our own financial conditions, the success of our business, provisions of relevant tax and securities laws, policies regarding regulation and control of the logistics real estate markets where we operate, and political and economic conditions in these markets. In addition, changes in the global financial markets have, in recent years, affected the availability of financing and led to an increase in the cost of financing. We may consequently find it difficult in the future to access the financial markets, which could in turn make it more difficult or expensive to obtain funding. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to us or the funds and investment vehicles we manage. If we fail to obtain adequate financing to fund our operations or the existing projects and proposed acquisitions of the funds and investment vehicles we manage, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected. In addition, the inability to refinance our indebtedness at maturity or the indebtedness of the projects of the funds and investment vehicles we manage at maturity, or meet our payment obligations or the payment obligations of the funds and investment vehicles we manage, or meet our redemption obligations or the redemption obligations of the funds and investment vehicles we manage upon the occurrence of certain events such as change of control, could adversely affect our cash flows, results of operations, financial conditions and reputation. In such circumstances, we may require additional equity financing, and the funds and investment vehicles we manage may require additional capital investment, which would be dependent on the appetite and financial capacity of our shareholders and our capital partners. In particular, we have been exploring, and will continue to explore, the feasibility of obtaining additional equity financing through new investments from other institutional and/or public investors by way of a public offering of our shares. However, there can be no assurance of the timing and manner of such investments or offering. If we are unable to raise equity or debt financing or the funds and investment vehicles we manage are not able to secure additional capital investment from capital partners, our business, financial condition, results of operations, performance and prospects will be materially and adversely affected.

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

The Group has a significant amount of secured indebtedness, which has been primarily incurred by our subsidiaries. The Notes are unsecured obligations of the Issuer and, in the event of any foreclosure, dissolution, winding up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of the Issuer, holders of secured indebtedness will have prior claims to the assets of the Group that constitute their collateral and the claims of holders of the Notes would rank behind claims of such secured creditors of the Group. In the event that any of our secured indebtedness becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, our assets remaining after repayment of such secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of the Notes may receive less than holders of such secured indebtedness. Furthermore, we are a holding company with no material operations of our own and conducts operations of the Group primarily through our subsidiaries. The Notes will not be guaranteed by any of our current or future subsidiaries. Our primary assets are ownership interests in its operating subsidiaries, which are held through certain subsidiaries. Accordingly, our ability to pay principal, interest and/or distributions on the Notes will depend upon our receipt of principal and interest payments on intercompany loans and distributions of dividends from our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds in respect of our payment obligations, whether by dividends, distributions, loans or other consideration. Payments to us by our subsidiaries are contingent upon such subsidiaries' earnings and cash flows. Creditors, including trade creditors of subsidiaries and holders of preferred shares in such entities would have a claim on such subsidiaries' assets that would be superior to the claims of holders of the Notes. As a result, our payment obligations under the Notes are structurally subordinated to all existing and future obligations of our subsidiaries, including their obligations under guarantees it has issued or will issue in connection with its business operations. All the claims of creditors of our subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes.

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

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

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

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

Investments made by us and by the funds and investment vehicles we manage depend on the use of leverage. Our ability to achieve attractive yields and rates of return on our balance sheet investments and the investments of the funds and investment vehicles we manage may depend on our continued ability to access sufficient sources of debt financing at attractive or acceptable rates. Due to the use of leverage, indebtedness may constitute a majority of the value of certain Portfolio Assets, and may constitute a majority of the value of future properties that we acquire. An increase in either the general levels of interest rates or in the risk spread demanded by sources of financing would make it more expensive to finance those investments.

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

- give rise to an obligation to make mandatory prepayments of debt using excess cash flows, which might limit our ability or the ability of the funds and investment vehicles we manage to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;
- limit our ability or the ability of the funds and investment vehicles we manage to adjust to changing market conditions, thereby placing us or the funds and investment vehicles we manage at a competitive disadvantage;
- limit our ability or the ability of the funds and investment vehicles we manage to engage in strategic acquisitions that might be necessary to further expand our business or generate further growth; and
- limit our ability or the ability of the funds and investment vehicles we manage to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

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

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

Our business relationships with existing or new capital partners may not be sustained, which may adversely affect our financial condition and results of operations.

Our business relies on maintaining relationships with our existing capital partners and forming relationships with new capital partners. Under certain of the funds and investment vehicles we manage, upon the expiry of the commitment period, our capital partners have the right to force a sale of certain assets when they are stabilised, which could have an adverse effect on our AUM and non-transaction based management fee income, and further affect our business, financial condition and results of operations. Our capital partners may seek to redirect their capital, either capital that they have already invested or new capital, away from certain of the funds and investment vehicles we manage upon expiration of the commitment period, and consider winding down the funds or investment vehicles rather than continuing to invest with us to meet their own needs. Further, the funds and investment vehicles we manage generally invest in real estate assets that are less liquid compared to other types of real estate assets. In addition, we may fail to form relationships with new capital partners and, as a result, fail to diversify capital sources other than from our current capital partners. If any of the foregoing occurs, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We possess certain management rights under investment management agreements as part of our fund management business. The organisational agreements of the funds and investment vehicles we manage may contain provisions such as capital partner exit provisions or allow capital partners to resolve to remove us as the investment manager. Similarly, certain of our partnership agreements contain provisions allowing capital partners to resolve to remove us as the general partner. Each of the funds and investment vehicles we manage has provisions concerning the replacement of the investment manager and general partner in certain circumstances. Our material default or underperformance with respect to the funds and investment vehicles we manage may give rise to risks that the investment manager mandates can be cancelled or otherwise changed, and that we may have to indemnify the funds and investment vehicles we manage for certain losses incurred, subject to certain conditions. In addition, certain of our investment management agreements include a cross-termination provision that, if we cease to be the investment manager or general partner of certain funds, the investment management agreements of other investment vehicles which co-invest alongside such funds may be automatically terminated. If any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

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

We earn fee income and promote from managing funds and investment vehicles, as well as the assets under the funds and investment vehicles on behalf of our capital partners. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in an additional share of equity gains through promote upon exceeding certain target IRR and after our capital partners have received their drawn capital commitments. Our management fees are negotiated on a case by case basis under the organisational agreements of the funds and investment vehicles we manage which generally have a term of more than seven years. Because base management fees are a percentage of either committed capital or portfolio value at the outset of a fund's investment period and subsequently a percentage of invested capital after the expiration of a fund's investment period, the level of base management fees we earn depends almost exclusively on the percentage we are able to negotiate with our capital partners.

Our capital partners may demand better commercial terms or lower fees under certain circumstances, such as decreases in the prevailing market rates of management fees, increases in the supply of competing services at more favourable terms, poor performance of investment funds and vehicles, or deteriorating economic conditions. Under such circumstances, fundraising conditions for the funds and investment vehicles we manage are likely to be challenging and pressures by capital partners for lower fees, different fee sharing arrangements or fee concessions may increase. If we are unable to agree to terms, which may be less favourable to us, we may lose capital support from our capital partners. In addition, pursuant to certain of our agreements with particular capital partners, in the event of budget overrun, our capital partners are entitled to waivers from paying base management fees chargeable in respect of their capital commitments drawn down and invested in projects which exceed the original approved budgets of such projects. As a result, we may not be able to collect the full amount of management fees that we would otherwise be entitled to, which may adversely affect our fund management fee income, financial condition, results of operations and performance.

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

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

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

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

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

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

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

It is difficult to identify, address and resolve all such potential, perceived or actual conflicts of interest. Our procedures may fail to identify all conflicts and also fail to effectively resolve conflicts and/or the perception of conflicts. We may not be able to resolve all conflicts in a way suitable to us or to our capital partners. If we fail to identify, address and resolve conflicts, our business and our reputation may be damaged. The willingness of capital partners to enter into agreements with us or invest in the funds or investment vehicles we manage may be adversely affected if we fail, or appear to fail, to deal appropriately with conflicts of interest or fulfil our fiduciary and contractual obligations. Conflicts of interest not properly addressed and/or resolved could give rise to claims by and liabilities to capital partners, litigation or enforcement actions. In such actions, we may be obligated to bear legal, settlement and other costs, which may be in excess of available insurance coverage. In addition, our reputation could be damaged with current or future capital partners if we are perceived to be incapable of addressing conflicts. If we are unable to effectively manage conflicts of interest, we may not be able to carry on with our capital recycling strategy, and our business, financial condition, results of operations, performance and prospects could be materially adversely affected.

The organisational agreements of the funds and investment vehicles we manage include provisions that constrain our ability to take certain corporate or other actions or require the approval of our capital partners with respect to investment opportunities which may not be forthcoming.

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

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

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

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

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

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

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

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

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

Our business involves developing logistics properties on our balance sheet and through the funds and investment vehicles we manage. Developing logistics properties requires significant upfront investment. In addition, we have made equity capital investments to the funds and investment vehicles we manage, as we hold a certain amount of equity in these funds and investment vehicles. We also hold investment interests in ESR-REIT.

We and the funds and investment vehicles we manage may experience lower returns on our investments, including on the equity capital investment, due to a number of reasons, many of which are beyond our control, including the overall economic conditions in the markets in which we operate, increase in interest rates or construction costs, delays in obtaining governmental permits and authorisations, competition from other available logistics facilities and new entrants into the logistics real estate market, fluctuation of rental rates and variable operating costs and any downward cycle of the industries in which our existing and prospective tenants operate, therefore reducing the demand for the Portfolio Assets from our tenants. If we fail to identify, attract and retain tenants for the Portfolio Assets, we will not be able to generate any operating cash flow from these properties to recover the significant upfront investment in our business and/or in the funds and investment vehicles we manage, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. We also have investments in companies we do not manage, including VIVA Industrial Trust and Sabana Shariah Compliant Industrial REIT in Singapore, Propertylink and Centuria in Australia, CNLP in Hong Kong and others. There is no assurance that these investments may experience expected or higher than expected returns.

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

It typically takes us approximately 12 to 24 months to develop, from land acquisition to completion, the greenfield Portfolio Assets, and approximately 18 to 24 months to redevelop the brownfield Portfolio Assets. As a result, our cash flows and results of operations may be significantly affected by our property development or redevelopment schedules and any changes to those schedules may affect our development or redevelopment budgets. The schedules and the budgets of our property developments or redevelopments depend on a number of factors, including regulatory approvals, project financing, and performance of third-party contractors. In particular, if we fail to obtain or maintain various approvals, licenses and permits that are required for the development or redevelopment of Portfolio Assets, we may be subject to fines, suspension of construction work, and/or other liabilities arising from such non-compliance incidents, which could delay our construction schedule, incur significant expenses and divert substantial management time to rectify these incidents. Other specific factors that could adversely affect our property development or redevelopment schedules and budget include, but are not limited to:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- shortage of capital;
- changes in relevant regulations and government policies, including environmental and zoning laws;

- relocation of existing tenants and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes of third-party subcontractors;
- construction accidents;
- unforeseen engineering, environmental, or geological problems;
- errors in judgement on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

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

Infrastructure support of surrounding areas is important to the Portfolio Assets, and such infrastructure support is not within our control.

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

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

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

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

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

Before making acquisitions and investments, either by us or by the funds and investment vehicles we manage, we generally conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each acquisition or investment. Due diligence information or materials prepared by these third parties or the due diligence investigation that we will carry out with respect to any acquisition or investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisition or investment opportunity. Public searches may not be available in certain jurisdictions and, even if they are available, such searches may have limited details or may not be up-to-date. In addition, despite that due diligence has uncovered certain issues with respect to the acquisition target, such as ongoing litigation affecting the target, we may decide to proceed with the acquisition due to strategic reasons. This could result in, among other things, management time and expenditures to resolve the outstanding issues. Finally, our acquisitions or investments, or the investments we make on behalf of the funds and investment vehicles we manage may not perform as expected.

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

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

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

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

- failure to implement the business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating logistics, information, communications and other systems;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- failure to maintain the continuity or assimilation of operations or employees;
- retaining key tenants, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- diversion of the attention and resources of management;
- assumption of liabilities not identified in due diligence;
- the impact on the internal controls of us and an acquired business and compliance with the requirements by us and an acquired business;

- potential litigations from existing shareholders of an acquired business for any deficiencies in due diligence process and overpriced considerations; and

- other unanticipated issues, expenses and liabilities.

There can be no assurance that, in the event any such acquisition takes place, or any future intended acquisition fails to take place, it will not have a material adverse impact on our business, financial condition, results of operations, performance and prospects. For example, to ensure the smooth integration of our business and an acquired business and to create synergies for each other, a certain degree of optimization and integration will be required with respect to tenant resources management, marketing, technical research and development, financial accounting and human resources management of us and the acquired business. However, it is uncertain whether such integration can be successfully implemented, if at all. If the relevant risks of such integration are not properly managed or the expected benefits of an acquisition fail to materialise, the post-acquisition business may risk losing key employees, senior management team, tenant relationship and/or connections, which may have a material and adverse effect on our business, financial condition, results of operations, performance and prospects.

In July 2018, we acquired CIP, a property development group that provides construction services in Australia. In addition to the risks and uncertainties generally associated with our acquisitions, some of which are identified in the preceding paragraphs, our acquisition of CIP presents risks and uncertainties which are unique to that transaction, including the possibility that we may face difficulties in integrating CIP's construction operations and realising the expected benefits from the acquisition as we have not historically engaged in the construction business. Furthermore, because the revenue model for CIP's construction business is different from our existing model, we expect the operating results of CIP to have a significant impact on our revenue mix and cost of sales going forward. Historically, CIP has had lower gross margin than we do and will have an adverse impact on our gross margin going forward. We cannot assure you that CIP will perform consistently with our expectations or that we will be able to successfully execute our business strategy with respect to CIP. Our failure to address these risks or other problems encountered in connection with our acquisition of CIP may have a material and adverse effect on our business, financial condition, results of operations, performance and prospects.

We may not be successful in executing our business strategy, including when we seek to expand into new geographical locations and penetrate into new adjacent businesses.

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

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

Further, we intend to leverage our ecosystem comprising shareholders, capital partners, local teams and tenants to penetrate new adjacent businesses that benefit from the synergies of our platform, such as real estate properties to be used for data centres, suburban IT offices and business parks. As we may face challenges not previously encountered in these new adjacent businesses, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our resources and past experience. For example, we may have difficulties in accurately predicting market demand or industry standard for our data centres, suburban IT offices and business parks, which may render our new adjacent business incompatible to our existing business or cause delays due to budget overrun and unanticipated local issues such as labour and supplies. Any such failures may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Absence of pro forma financial statements reflecting the potential impact of the Propertylink Offer could make it more difficult for potential investors to assess our business and prospects should we complete the Propertylink Offer.

There is no pro forma financial data in this Supplemental Offering Circular that takes into consideration the potential impact of the Propertylink Offer. Moreover, the historical financial data presented in this Supplemental Offering Circular is not indicative of what our financial results would have been had such historical financial data included Propertylink and the aforementioned transaction for the periods presented. Accordingly, the historical financial data presented in this Supplemental Offering Circular is not necessarily indicative of our future results of operations, financial condition and cash flows, and investors may have difficulty assessing our prospects based on such financial data in this Supplemental Offering Circular should we complete the Propertylink Offer.

We may not be able to successfully complete the Propertylink Offer.

If the Propertylink Offer does not result in us increasing our holding of Propertylink securities or securing control of Propertylink, we may experience a setback in our strategy and intentions to invest long term in the Australian market, expand our Australian operations and identify accretive acquisition targets. If we do not increase our holding of Propertylink securities through the Propertylink Offer, we will still retain our existing 19.89% holding of Propertylink securities (unless that securityholding is otherwise disposed of); accordingly, we will continue to remain exposed to the potential risks associated with our investment in Propertylink. For details of the Propertylink Offer, see "*Business — Recent Development.*"

If the Propertylink Offer results in us increasing our holding in Propertylink securities but not obtaining control of or 100% shareholding in Propertylink, we may be subject to several risks and consequences.

If the Propertylink Offer becomes unconditional but we do not succeed in acquiring 90% of Propertylink securities, we may not be able to compulsorily acquire the remaining Propertylink securities. As such, Propertylink may remain listed on the ASX (as 90% is the requisite threshold to compulsorily acquire and delist Propertylink). If so, Propertylink will remain subject to ongoing corporate and compliance costs and requirements of maintaining Propertylink's ASX listing and compliance with ASX listing rules.

We may not realise the expected benefits of the Propertylink Offer.

If the Propertylink Offer successfully completes, we expect to have Propertylink as part of the Group's strategy to build up and strengthen our Australian platform.

We are committed to long term investment in logistics in the Australian market. The Propertylink Offer, like our recent acquisition of Commercial and Industrial Property Pty Ltd is part of our focus on value creation which involves expanding our Australia's operations and identifying accretive acquisition targets, both as an owner of property and a fund, asset and property manager.

Our valuation of Propertylink, and the consideration proposed to be offered under the Propertylink Offer of A$1.20 per Propertylink security, was determined based on, among other things, our estimation of their value, the publicly listed price of Propertylink securities and the negotiation processes with the Propertylink board. However, our valuation may not be entirely accurate, due to various factors such as our lack of full access to all the financial materials of Propertylink, and the possibility that the assumptions we made in our evaluation do not align with Propertylink's actual performance in the future.

If the anticipated benefits of the Propertylink Offer are not realised or if Propertylink is unsuccessful in addressing the risks related to its business, Propertylink's business, financial condition, results of operations, performance and prospects may suffer and our investment in Propertylink may be at risk.

Those risks specifically associated with Propertylink and its business include the following:

- Capital losses: Propertylink has carried forward net capital losses which are available to be utilised against net capital gains in future income years. To the extent that we receive acceptances to take its holding of Propertylink securities above 50% and below 100%, it is likely that Propertylink will fail the continuity of ownership test, which means that Propertylink may not be able to utilise its carried forward net capital losses unless it satisfies the same business test during the relevant period;

- MIT status: In certain circumstances, if we acquire a sufficiently high percentage of Propertylink securities, as a consequence of the ownership structure of the three stapled entities may cease to satisfy the requirements to be a 'Managed Investment Trust' (MIT) in respect of future income tax years. Consequently, distributions made by Propertylink Trust ("**PT**") and Propertylink Australian Industrial Partnership ("**PAIP**") in relation to those future years would be subject to non-resident withholding tax which may be higher than the MIT withholding tax rate This may have an adverse effect on the tax treatment of PT and PAIP, their distributions going forward and the trading price of Propertylink securities;

- Change of control provisions: An acquisition by us of a controlling interest in Propertylink, and any delisting of Propertylink, may trigger change of control and similar provisions under certain External Fund co-ownership agreements, financing arrangements and property leases to which the Propertylink Group and external funds are party to. If counterparties to the relevant agreements exercise termination or other rights in respect of the change of control of Propertylink, the Propertylink Group's financial performance and the value of Propertylink Securities could be materially adversely affected; and

- Termination for convenience: There is a risk that existing material agreements may be terminated, lost or impaired, or renewed on less favourable terms. Some of the Propertylink's material agreements can be terminated without cause (for example the management agreements for the Propertylink Australian Industrial Partnership II can be terminated without cause by a 75% majority of unitholders) or on short notice periods (depending on the termination event or circumstances).

Additionally, an acquisition of 90% of Propertylink or delisting of Propertylink will also trigger certain mandatory prepayment obligations under the AUD 230 million share acquisition facility which is provided to us in connection with the Propertylink Offer. The risks identified above may have a material adverse effect on our business, financial condition, results of operations, performance and prospect.

Goodwill impairment may negatively affect our reported results of operations.

Upon completion of the Propertylink Offer, we expect to record goodwill in relation to the acquisition of Propertylink. If Propertylink cannot generate the financial results we expect, it could result in the use of substantial amounts of cash, the occurrence of significant goodwill impairment charges, amortisation expenses for other intangible assets and exposure to potential unknown liabilities.

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

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

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

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

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

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

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

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

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

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

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

Some of the Portfolio Assets are located in industrial areas. The nature of the past uses of these properties, as well as the past and current uses of surrounding properties, gives rise to increased risk of contamination. Environmental legislation in certain jurisdictions imposes strict and retrospective liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination in circumstances where such contamination is causing, or where there is significant possibility of it causing, significant harm to people or the environment. In some jurisdictions, the owner or occupier of contaminated land could become liable as a "knowing permitter" if it became aware of pollution capable of causing significant harm to people or the environment, had the necessary degree of control over operations on the land to prevent such harm and failed to take certain actions to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution. Thus, if land we own is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, or if, directly or indirectly, a third party is injured or otherwise suffers a loss as a result of the presence of toxic substances on the Portfolio Assets, we might be liable for the costs of cleaning up such contamination or relevant losses incurred by such third party, and under such circumstances it is unclear whether we can be indemnified by those who are actually responsible. Further, certain environmental regulations, among other things, impose liability on present and former property owners and operators for costs and damages related to soil and water contaminations from hazardous or toxic substances whether or not the owner or operator knew of, or was responsible for, the presence or release of such hazardous or toxic substances.

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

Under laws or regulations of certain countries where we operate, owners of certain real estate properties may face obligations to report on, or limit their emissions of, greenhouse gases. Any such measures may force us to rebuild or repair the Portfolio Assets in order to reduce emissions or obtain emissions credits. Moreover, since some of our tenants' businesses rely heavily on trucking, if regulations regarding the emission of nitrogen oxides and particulates become stricter, our tenants could incur increased compliance costs and demand for logistics facilities could decline. We or any of our tenants may also face new requirements mandating a substantial reduction or regulation in greenhouse gas emissions and implementation of further measures under the Kyoto Protocol and Bali

Road Map, which could have far-reaching and significant impacts on us and our tenants. Any such future laws and regulations could result in increased compliance costs or additional operating restrictions, and could have a material adverse effect on us or the demand for logistics facilities. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

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

In particular, we are exposed to risk of litigation by capital partners of the funds and investment vehicles we manage, if our management thereof is alleged to constitute fraud, negligence, willful default, breach of applicable laws or regulations, breach of the trust deed or other constitutive documents or breach of any agreements we may have entered into with our capital partners. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of the funds or investment vehicles we manage. We are also exposed to risks of litigation or investigation relating to transactions where potential conflicts of interest were not properly addressed. See "*We may encounter conflicts of interest, and failure to identify, address and resolve conflicts of interest could adversely affect our business.*" In such actions, we may be obligated to bear legal, settlement and other costs, which may be in excess of available insurance coverage. If we are required to bear all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the funds or investment vehicles we manage, our results of operations, financial condition and liquidity could be materially and adversely affected.

Our tax planning may not be effective.

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

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

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

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

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

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

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

As we are expanding rapidly with a relatively short track record, there is a lack of and need for increased standardisation of systems, including IT and backup systems, and processes, including internal communication and delegation of authority. We cannot assure you that there are no historic or new areas of internal control weaknesses which may materially and adversely affect our business, financial condition, results of operations, performance and prospects in the future.

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

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

Our profitability may be affected by revaluation of our directly held properties as required by International Financial Reporting Standards.

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

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

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

Engineering, environmental and seismic reports we have obtained for the Portfolio Assets may not reveal all material risks or liabilities and may not be an accurate reflection of such risks, because such risks are often hidden or difficult to evaluate. If we were to discover any significant, unidentified engineering, environmental or seismic liabilities, the value of the affected logistics facility could fall, we may be required to incur additional costs and discharge of the liability could be time consuming.

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

Governments of the countries where we operate have the power to compulsorily acquire any land in the respective countries for the public interest pursuant to the provisions of applicable legislation. The likelihood of such acquisitions may increase as central and state governments seek to acquire land for the development of infrastructure projects such as roads, railways, airports and townships. The amount of compensation to be awarded for compulsory acquisition of property in the countries where we operate is assessed pursuant to the relevant laws and regulations. If any of the Portfolio Assets in the countries where we operate is acquired compulsorily by the relevant government, and we or the funds or investment vehicles we manage are not able to win a favourable judgement after appealing to the courts in the relevant jurisdiction for reconsidering the validity of such compulsory acquisition, the level of compensation paid to us or the funds or investment vehicles we manage pursuant to this calculation method may be less than the acquisition price which we or the funds or investment vehicles we manage paid for such properties.

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

We are currently a private company incorporated with limited liability in the Cayman Islands and a large proportion of our shares are held by institutional investors and private equity investors including Warburg Pincus, APG and a consortium of PRC financial institutions in the nature of strategic investments in us. The nature of such investments by these shareholders and other of our investors may mean that, should a suitable opportunity arise which allows them to meet their investment objectives in relation to their respective shareholdings in us, they may divest some or all of their shares to other parties including, but not limited to, other existing shareholders, which may potentially trigger change of control and similar provisions under certain business contracts and financing arrangements to which we and our subsidiaries are party. If counterparties to the relevant agreements exercise termination or other rights in respect of the change of control of our Company, our business, financial condition and results of operations could be materially adversely affected. In addition, our existing shareholders who are institutional investors and private equity investors may from time to time exert, or attempt to exert, influence over our business to achieve their own economic objectives, or other objectives which may otherwise not be in the best interest of our other shareholders.

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

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

Because of the geographic diversity of our business, we receive income and incur expenses in a variety of currencies, including Chinese Renminbi, Japanese Yen, Korean Won, Singapore dollars, Australian dollars, Indian Rupee, and U.S. dollars. It is not possible to predict the effect of future exchange rate fluctuations on our assets, liabilities, income, cost of sales and margins. In addition, some of the currencies used by us may not be readily convertible or exchangeable or may be subject to exchange controls. Furthermore, while we receive income and incur expenses in a variety of currencies, we report our financial results in U.S. dollars. Therefore, fluctuations in currency exchange rates could materially affect our reported financial results. Any future fluctuations in currency exchange rates could materially adversely affect our business, financial condition and results of operations.

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

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

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

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

We may be subject to foreign exchange controls that may adversely affect the ability to repatriate the income or proceeds of sale arising from the Portfolio Assets. For example, the PRC government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of the PRC. Additionally, under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions subject to compliance with the valuation and reporting requirements specified by the Reserve Bank of India. Additionally, conversion Rupee proceeds from a sale of shares in India into foreign currency and repatriation of that foreign currency from India requires a no-objection or a tax clearance certificate from the Indian income tax authorities. Repatriation of income, capital and the proceeds of sale may require the consent of, and depending upon the provisions of the Double Taxation Avoidance Agreement with the country of residence of the investor, may be subject to taxation by, the relevant governments in the PRC, South Korea and India, and may also be subject to stipulations relating to lock-in periods prescribed under the applicable laws in India. In particular, disposition of the Portfolio Assets may incur potential tax costs such as capital gain tax regardless of a direct or indirect sale and local taxes with respect to disposition of real estate or stocks in real estate rich companies as well as trigger relevant local tax reporting or filing requirement in certain of the jurisdictions we operate in. Delays in, or a refusal to grant, any such approval, a revocation or variation of consents previously granted, or the imposition of additional taxes or new restrictions, may adversely affect our business, financial condition, results of operations, performance and prospects.

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

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

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

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

We engage contractors and independent third-party service providers in connection with our business, including construction contractors, property managers, property valuers, and real estate agents. We outsource the structural design and construction of development projects are to third-party contractors which are overseen by our development management team. We engage third-party service providers to provide professional property management services and conduct property maintenance work on our logistics properties, including regular cleaning, repairing and security for our logistics facilities, under the supervision of our property manager. We engage third-party valuers to engage in independent valuations of the Portfolio Assets. We also occasionally engage third-party real estate agents to procure tenants. There can be no assurance that our contractors or independent service providers will always perform to contractual specifications (including, but not limited to, punctual completion), or that such contractors or providers will continue their contractual relationships with us under commercially reasonable terms, if at all, and we may be unable to source adequate replacement services in a timely or cost-efficient manner. Properties that we develop with the help of third-party contractors may prove to have defects for which we are not able to hold the contractor responsible and we would be required to spend additional time and expense on implementing remedial measures.

There is also a risk that our major contractors and service providers may experience financial or other difficulties, which may affect their ability to discharge their obligations, thus delaying the completion of their work in connection with our ordinary business or the Portfolio Assets under construction and may result in additional costs for us or the funds or investment vehicles we manage. The timely performance of these contractors and service providers may also be affected by natural and human factors such as natural disasters, calamities, outbreak of wars and strikes, which are beyond our control. Moreover, such contractors and service providers depend on the services of experienced key senior management and it would be difficult to find and integrate replacement personnel in a timely manner, or at all, if such contractors and service providers lost their services. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

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

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

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

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

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

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

In addition, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against these claims and proceedings is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgement, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

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

The owners of the Portfolio Assets, whether it be us with respect to our directly held properties or the portfolio companies with respect to the properties that are held by the funds and investment vehicles we manage, have obligations under the various occupational health and safety regulations in the PRC, Japan, Australia and India. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation, our relationships with relevant regulatory agencies or governmental authorities, and our ability to attract tenants and employees, which in turn could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

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

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

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

Some cities where we operate have previously been subject to, or may be under the threat of, Severe Acute Respiratory Syndrome, H5N1 avian flu, H1N1 human swine flu, Middle East respiratory syndrome coronavirus (MERS-CoV) and the Zika virus.

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

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

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

RISKS RELATING TO OUR BUSINESS IN THE PRC

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

As of the date of this Supplemental Offering Circular, certain of our lease agreements with tenants had not been registered and filed with the relevant land and real estate administration bureaus in the PRC. Non-registration does not affect our rights or entitlements to lease out the facilities to tenants, or the validity or the binding effect of the lease agreements over contracting parties. However, pursuant to the provisions of the Administration of Urban Real Estate (Revised in 2009) promulgated by Standing Committee of the National People's Congress of the PRC on August 27, 2009, the lease agreements shall be filed for registration and record with the relevant local real estate administration authorities. Pursuant to the requirements of the PRC Administrative Measures of Commodity Property Leases (商品房屋租賃管理辦法) and relevant local rules, we may be subject to penalties for the non-registration of commodity property lease agreements imposed by the local authorities and/or requests by the local authorities to complete the registration formalities. In aggregate, we may be subject to a maximum penalty of RMB315.5 thousand for the non-registration of these leases.

We intend to register lease agreements to the extent practicable. Nevertheless, there can be no assurance that we would not be subject to such penalties and/or requests for undertaking the registration formalities in the future, any of which could increase our costs.

The PRC government may require us to forfeit our land use rights or penalise us or hold us liable for breach of contracts if we were to fail to comply with the terms of land grant contracts, including, without limitation, failure to commence or complete construction within a certain time period.

Under PRC laws and regulations, if a property owner fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land and time for commencement and completion of the development of the land), or to obtain the relevant governmental approval to extend the development period, the relevant government authorities may issue a warning to, or impose a penalty on, the property owner or require the property owner to forfeit the land. Specifically, according to the Rules on Treatment of Idle Lands (閒置土地處置辦法) promulgated by Ministry of Land and Resources of the PRC on April 28, 1999, if we were to fail to commence development for one year or more but less than two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a notice on it and impose an "idle" land fee on the land of up to 20% of the land premium, unless the delay in development were caused by government actions, force majeure or lack of necessary preparatory work. If we were to fail to commence development for two years or more from the commencement date stipulated in the land grant contract, and the relevant government authority did not grant it an extension of time, the land use right would be subject to forfeiture by the PRC government without compensation unless the delay in development were caused by government actions, force majeure or lack of necessary preparatory work. Moreover, even if we commence development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land which should be developed, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for over one year without government approval, the land may be treated as idle land. The policy was reinforced in the "Notice on Enhancing the Economical and Intensive Use of Land" (國務院關於促進節約集約用地的通知) promulgated by the State Council on January 3, 2008 which states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained "idle" for two years or more shall be strictly implemented; (ii) if any land remains "idle" for one year or more but less than two years, an "idle" land fee of 20% of the relevant land premium will be levied; and (iii) financial institutions are required to exercise caution when approving financing for any property owner who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of the land or provide at least 25% of the total funds for investment in the project. Some of our land grant contracts stipulate a minimum amount it has to invest in the relevant project, which may exceed the amount we deem commercially reasonable for the type of business we are engaging in. Furthermore, Ministry of Land and Resources of the PRC issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) on August 11, 2009, which reiterates the rules regarding idle land.

In response to the principles set forth in the "Notice on Enhancing the Economical and Intensive Use of Land", the Ministry of Land and Resources promulgated the amended Rules on Treatment of Idle Lands, effective as of July 1, 2012, which sets forth clearer definitions on idle lands. Pursuant to the new rules, "idle lands" refer to state-owned construction lands (i) for which development has failed to commence for at least one year from the commencement date stipulated in the land grant contract, or (ii) for which development has commenced but the developed land accounts for less than one-third of the total land obligated for development or the invested amount accounts for less than 25% of the total investment amount, and the development has been suspended for at least one year. According to the new rules, "commencement of development" means, subject to the issuance of the construction permit, the completion of the excavation of foundation for projects requiring foundation pit, the driving of all piles for projects using pile foundation, or the completion of one-third of the foundation for other projects. In addition, the new rules require that the land premium, relevant taxes and governmental charges shall be excluded from the invested amount and the total investment amount when calculating whether the investment commitment for the land has been satisfied. Further, according to the new rules, where land remains idle for at least one year but less than two years, the idle land fee shall be 20% of the land premium, as opposed to "up to 20%" under the previous rules promulgated in 1999. In addition, a holder of land use right cannot count the idle land fee into its production costs. In addition, pursuant to the land grant contracts entered into by our PRC subsidiaries and joint ventures, if there is any delay in completing a development of a land, our PRC subsidiaries and joint ventures will have to pay liquidated damages at a certain percentage of the land premium and/or the PRC local governments may terminate the relevant land grant contracts if the development cannot be completed within further extended deadlines. There is no assurance that our PRC subsidiaries and joint ventures will commence and/or complete a development within the time limits prescribed in their respective land grant contracts. This particularly applies to subsidiaries and joint ventures acquired by us where the land held by such subsidiaries or joint ventures became idle before our acquisition.

We may fail to comply with the terms of land grant contracts with the government due to a delay in commencing or completing our developments or as a result of factors out of our control. As a result of the non-compliance, (i) if the land in question is deemed "idle" in accordance with the applicable laws, the PRC local governments may impose an "idle" land fee or require forfeiture of the land, or (ii) the PRC local governments may hold us liable for breach of contracts where the construction did not timely commence or complete. As of September 30, 2018, the aggregate GFA of the land parcels held by our PRC subsidiaries and joint ventures that did not comply with the deadlines for commencement or completion of development as specified in the relevant land grant contracts was approximately 1.34 million sqm. Such delay in commencement or completion of development was mainly due to the delay in completing relevant government administrative procedures or documentary work. If the PRC local governments hold us liable for breach under the relevant land grant contracts, the PRC local governments may seek for liquidated damages and/or terminate the relevant land grant contracts unless we obtain extensions on commencing or completing our developments and official waivers from paying such liquidated damages granted by competent authorities. If the relevant government authorities were to impose the "idle" land fee or other penalties on us or require us to forfeit the relevant land or hold us liable for breach of contracts, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, and our ability to bid for adjacent land could be lost. Because each parcel of land is unique, we may not be able to procure similar type of land. Any of these results could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

We are subject to breach of contract risks if we fail to develop property projects according to investment criteria set forth in the land grant contracts.

Pursuant to some of our land grant contacts with PRC local governments, if we fail to develop a property project according to investment criteria set forth in the land grant contract, including those relating to the total investment amount, the average investment amount per sqm, the total investment amount of fixed assets and the tax payable per sqm of the built-up areas, the relevant PRC local governments may seek liquidated damages from us and/or reduce the land area of the land use rights granted to us proportionately. We cannot assure you that each of our projects under development or redevelopment will reach the total investment amount, the average investment amount per sqm, the total investment amount of fixed assets as specified in the relevant land grand contract, or that the built-up area of each of our projects under development or redevelopment will be able to generate income that is sufficient for paying the taxes as specified in the relevant land grant contact. Moreover, we cannot assure you that we would have sufficient funding to take any remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, financial condition and results of operations.

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

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

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

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

Obtaining such approvals may require substantial expense, and any non-compliance may expose us to liability. In the event of non-compliance, we may have to incur significant expense and divert substantial management time to rectify the incidents. As of the date of this Supplemental Offering Circular, we were not able to obtain the land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit for the construction work carried out in connection with a logistics property project in Jiangsu Province with a land area of approximately 40.13 thousand sqm before we commenced construction of this project. There can be no assurance that we will be able to rectify this non-compliance incident in a timely manner, or that the relevant government authority will always, if ever, exercise its discretion in our favour.

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

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

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

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

In the PRC, land use right is granted by the government with a limited term. Under the PRC laws, the maximum term of land use rights is 70 years for residential use, 50 years for industrial, warehousing or mixed use and 40 years for commercial use. A substantial portion of the land use rights for our directly held properties, including our completed and stabilised or pre-stabilised properties, properties under construction and GFA on land held for future development, are for industrial or warehousing use and will expire between 2047 and 2068. It remains uncertain as to what will happen when such land use rights expire. To the extent we are required to make substantial payment to renew these land use rights, our financial condition may be materially and adversely affected. In addition, if we are unable to renew these land use rights, we may need to obtain alternative locations, which in turn may materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, we are subject to the Urban and Rural Planning Law of the PRC (Revised in 2015) (城鄉規劃法) promulgated by Standing Committee of the National People's Congress of the PRC on April 24, 2015, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and development purposes. When a government re-zones land that have been granted to us, we may be required to revise our original design and development plans that were approved before, thereby affecting the development timeline and costs of the entire project. There can be no assurance that relevant local governments will not change the zoning of certain land that we have already acquired, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

In the PRC, pursuant to Law of Security and Investment Fund of the PRC (中華人民共和國證券投資基金法) promulgated by the Standing Committee of the National People's Congress on October 28, 2003 and latest updated on April 24, 2015, a manager of a private fund shall undergo registration formalities with the Asset Management Association of China (the "**AMAC**"). Such manager of fund shall be the responsible entity for the filing of fund or investment vehicle with the

AMAC. However, it typically takes a long time for a manager of a private fund to complete the registration and filing with the AMAC due to the highly regulated nature of the fund management industry. The AMAC has released series of regulations on the registration of manager of fund and filling of fund. Pursuant to the Notice on Registration of Manager of Private Investment Fund (私募基金管理人登記須知) promulgated by the AMAC in December 2017 and updated in December 2018, to apply for and complete the registration with the AMAC, the manager of a private fund shall meet certain requirements, including but not limited to: (i) being duly incorporated and valid existing; (ii) its registered business scope including "fund management", "investment management", "asset management", "equity interest investment", "venture capital investment" or other description of similar nature; (iii) its principal business being professional and clear; (iv) it having established certain requisite systems, based on the actual business, including, without limitation, risks management system, disclosure system, internal control system, sound accounting system and other requisite systems; and (v) it having obtained certificate of security practice of senior management of the manager of private fund.. Pursuant to the Measures on Registration of Manager of Private Investment Fund and Filing of Fund (Trial Implementation) (私募投資基金管理人登記和基金備案辦法(试行)) promulgated by the AMAC on January 17, 2014, (i) with respect to the registration of a manager of fund, the manager of fund shall submit required documents online through the electronic application system of the AMAC. The AMAC will review the submitted materials and request clarification if such materials are incomplete or failing to meet requirements. The AMAC is entitled to take the following actions to conduct materials review: interview with senior management of the manager of fund, on-sit inspection, and consultation with the China Security Regulatory Commission and its agencies or relevant professional associations. On the condition that the materials submitted by the manager of fund is full and complete, the AMAC will, within 20 working days after receipt of such full and complete materials, complete the registration formality through disclosure of information of the manager on its website; and (ii) with respect to the filing of a fund, within 20 working days after completion of fundraising, the manager of fund shall submit required documents online through the electronic application system of the AMAC for filing of a new fund, and the AMAC will review the online submitted materials and request clarification if such materials are incomplete or failing to meet requirements. On the condition that the materials submitted by the manager is complete and meeting the requirements, the AMAC will, within 20 working days after receipt of full and complete materials, complete the filing formality through disclosure of information of the private fund on its website. We are in the process of setting up the second and third PRC core funds that we manage. In light of the lengthy application procedures as described above, if we were to fail to obtain the approvals, licenses, permits or qualifications required for establishing the proposed PRC core funds from relevant regulators in the PRC due to any tightened legal restrictions or prolonged regulatory approval procedures or otherwise, our implementation of our core and core-plus strategy in the PRC may be delayed.

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

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

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

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

Currently, there is no clear PRC law or regulation on governmental penalties in connection with failure of making capital contribution pursuant to joint venture contracts and/or articles of association for companies outside the specially-regulated industries, except that pursuant to Article 199 of the Company Law of the PRC (公司法), promulgated by the Standing Committee of the NPC and effective as of March 1, 2014, if a promoter or shareholder of a company fails to contribute money or non-monetary assets as registered capital or fails to contribute such on time, the relevant company registration authority has the power to request rectification. It is possible that new PRC laws or regulations may be promulgated in the future imposing more stringent requirements and liabilities, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

The legal system in the PRC is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in the PRC evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies. Our subsidiaries incorporated in the PRC are subject to laws and regulations applicable to foreign investment in the PRC in general, as well as specific laws and regulations applicable to FIEs. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the mainland Chinese legal system, particularly with regard to logistics real estate industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business in the PRC and impede our ability to continue our operations in the PRC. Furthermore, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

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

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

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

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

Although SAT Circular 82 and SAT Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If mainland Chinese tax authorities determine that we were treated as a resident enterprise in mainland China for mainland Chinese enterprise income tax purposes, the 25% mainland Chinese enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

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

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

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

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

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

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

On February 3, 2015, the SAT issued the Announcement of the SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non- Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) ("**SAT Circular 7**"), which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT

Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the mainland Chinese tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of mainland Chinese taxable assets. Under SAT Circular 7, the tax authorities in mainland China are entitled to reclassify the nature of an indirect transfer of mainland Chinese taxable assets, when a non-resident enterprise transfers mainland Chinese taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such mainland Chinese taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of mainland Chinese enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of mainland Chinese taxable assets by acquiring and selling shares of an overseas listed company which holds such mainland Chinese taxable assets on a public market; and (ii) where there is an indirect transfer of mainland Chinese taxable assets, but if the non-resident enterprise had directly held and disposed of such mainland Chinese taxable assets, the income from the transfer would have been exempted from enterprise income tax in mainland China under an applicable tax treaty or arrangement.

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

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

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

In the PRC, we acquire land-use rights directly from the local governments. Our property development activities are subject to land appreciation tax (the "**LAT**") with respect to the appreciated value of the land. LAT applies to both domestic and foreign investors in real estate developments in the PRC, and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. In addition, some of our subsidiaries were subject to LAT which were calculated based on 1.5% to 8% of their revenue in accordance with the authorised tax valuation method approved by local tax authorities. Provisions for LAT are made upon recognition of revenue. As a result, our results are susceptible to any significant increase in LAT expenses, which depends on the level of appreciation in land value as well as the amount of deductible costs and expenses, such as capitalised borrowing costs and applicable property development costs. We cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us, especially with regard to any equity transfer which involves land as the underlying asset and which in substance may be treated as an asset transaction. Our financial condition and results of operations may be materially adversely affected if our LAT as calculated by the relevant tax authorities are substantially higher than our provisions.

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

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

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

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

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

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

The SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**Circular 37**"), effective on July 4, 2014, which replaced the previous Notice on Relevant Issues Concerning Foreign Exchange Administration for the People's Republic of China Residents Engaging in Financing and Roundtrip Investments via

Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) ("**Circular 75**"). Circular 37 requires mainland Chinese residents, including mainland Chinese individuals and institutions, to register with the SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such mainland Chinese residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such residents in mainland China must update their foreign exchange registrations with the SAFE or its local branches when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such mainland Chinese individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

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

We may not be fully informed of the identities of all our shareholders or beneficial owners who are mainland Chinese residents, and therefore, we may not be able to identify all our shareholders or beneficial owners who are mainland Chinese residents to ensure their compliance with Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are residents in mainland China will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are residents in mainland China comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by the Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our shareholders who is a resident in mainland China as determined by Circular 37 fails to fulfil the required foreign exchange registration with the local SAFE branches, our mainland Chinese subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our subsidiaries in mainland China, which may adversely affect our business.

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

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

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

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

Pursuant to the Labor Contract Law and its amendments, dispatched labour is intended to be a supplementary form of employment and the fundamental form should be direct employment by enterprises and organisation that hire employees. Further, it is stated in the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) (the "**Interim Provisions**") that became effective on 1 March 2014 that the number of dispatched workers an employer uses may not exceed 10% of its total labour force and the employer has a two-year transition period starting from March 1, 2014 to comply with such requirement. Historically we relied on dispatched workers to perform certain property management services in the PRC. We cannot assure you that PRC governmental authorities will not impose penalties on the relevant subsidiaries, which could have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS IN JAPAN

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

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

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

In Japan, we invest in logistic properties in Japan through TMKs (*Tokutei Mokuteki Kaisya*). For a TMK to avail itself of the dividend distribution deduction tax treatment, the TMK must meet certain initial requirements when it is established and must be maintained to meet certain annual requirements in accordance with the Special Taxation Measures Law of Japan. One of these annual requirements is that a TMK should distribute more than 90% of its distributable profits for each fiscal year (the "**TMK**

Distribution Requirement"). The TMK Distribution Requirement is based on the amount of audited pre-tax profits of the TMK in Japan. There can be no assurance that such tax costs can be entirely eliminated. Accordingly, the TMKs we invest in may bear excessive tax costs, in which case the TMKs we invest in may not have sufficient cash to distribute dividends and hence may fail to satisfy the TMK Distribution Requirement. In the event that the TMKs we invest in are unable to meet the TMK Distribution Requirement, we will not be able to deduct the dividend distributions of the TMKs we invest in from our taxable income of the TMKs we invest in as deductible expenses. Instead, the TMK would have to make dividend distributions after its taxable income has been subject to Japanese corporate income tax at the regular rate. This will reduce the amount of distributions to us, and could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

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

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

In addition, when the properties in Japan are owned or acquired as trust beneficiary interests in properties in the form of co-ownership (*jun-kyōyū-mochibun*) with other trust beneficiaries, similar to those associated with property co-ownership interests are applicable. For example, a holder of a trust beneficiary co-ownership interest may choose to dispose of such interest to a third party if it receives consent from the trustee, thus allowing for the possibility of having a co-owner that we would prefer not to have. In addition, unless there is an agreement among the holders of the trust beneficiary co-ownership interests, there is a possibility that an owner may not be able to have its opinions reflected in the instructions provided to the trustee pursuant to the trust agreement or that a holder of trust beneficiary co-ownership interests may be liable for the full amount of liabilities to the trustee unpaid by other holders. Any such risks may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

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

As there is no title insurance available in Japan, our ability to obtain protection from property ownership risks is limited. Moreover, because the rights and obligations attached to some of the Portfolio Assets are complicated, in part because of the manner in which we or the funds and investment vehicles we manage acquire and hold these properties, our ownership rights or the ownership rights of the funds and investment vehicles we manage in these properties may be declared invalid, or the rights held by third parties may limit our rights or the rights of the funds and investment vehicles we manage in these properties. For example, for tax reasons, when we purchase a property we may seek to delay the date on which we apply for transfer of property rights to be transferred to us on the public real estate register. During this period of delay we may not be able to assert our ownership in the event that the seller becomes insolvent. Any of these circumstances could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

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

Depending on the underlying facts and circumstances surrounding the purchase of a property, if a purchase cannot be construed as a "true sale" under Japanese law, it may be recharacterized as a secured financing. In such case, the relevant property would be deemed to be an asset of the seller, and we or the funds and investment vehicles we manage would lose the ownership interest in the property. We or the funds and investment vehicles we manage would instead hold only a security interest in the property. Recharacterization could occur when the seller becomes insolvent by way of bankruptcy, corporate reorganisation or civil rehabilitation proceedings. Under Japanese law, whether a purchase may be recharacterized as a secured financing is determined through a consideration of various factors, including, without limitation, the intention of the seller and purchaser, whether the seller recorded the purchased property on its balance sheet, whether the seller transferred the economic risk to the purchaser, and whether the seller and purchaser contracted a buy-back arrangement permitting the seller to reacquire the property. There is no guarantee that any such acquisition will not be recharacterized as a secured financing following a legal or regulatory proceeding.

RISKS RELATING TO OUR BUSINESS IN SOUTH KOREA

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

Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events.

In addition, reunification of South Korea and North Korea could occur in the future, which would entail significant economic commitment and expenditure by South Korea that may outweigh any resulting economic benefits of reunification. There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future. Any further increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between South Korea and North Korea break down or military hostilities occur, could have a material adverse effect on our operations.

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

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

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

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

RISKS RELATING TO OUR BUSINESS IN SINGAPORE

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

ESR-REIT is subject to the aggregate leverage limit of 45% as defined in the Property Funds Appendix. ESR-REIT may, from time to time, require further debt financing to achieve its investment strategy. A substantial decline in the value of the deposited property may affect ESR-REIT's ability to make further borrowings due to the aggregate leverage limit under the Property Funds Appendix. If ESR-REIT were to be leveraged close to the leverage limit, it may not be able to:

- fund future acquisitions of properties or its capital expenditure requirements, including any refurbishments, renovation and improvements, asset enhancement initiatives and other development works, on its properties;
- fund working capital requirements which may further constrain its operational flexibility; and
- experience cash flow shortage which may have an adverse impact on its ability to satisfy its debt obligations.

If any of the foregoing were to occur, the business, financial condition and results of operations of ESR-REIT could be materially and adversely affected, which may result in a reduction in the management fee income of the ESR-REIT Manager. As a result, our business, financial condition and results of operations may be adversely affected.

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

ESR-REIT Manager's investment strategy includes expanding ESR-REIT's portfolio of industrial properties in Singapore and expanding its portfolio to include industrial properties in overseas markets.

Although we are a controlling shareholder of ESR-REIT Manager, we are not involved in, and cannot control, the day-to-day business operations of ESR-REIT Manager. We cannot assure you that ESR-REIT Manager will be able to expand ESR-REIT's portfolio further, or at any specified rate or to any specified size. The ESR-REIT Manager may not be able to make investments or acquisitions on behalf of ESR-REIT on favourable terms in a desired time frame.

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

RISKS RELATING TO OUR BUSINESS IN AUSTRALIA

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

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

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

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

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

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

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

The major Australian banks have recently tightened their lending requirements and this is expected to continue in the near future following the recent measures introduced by banks in response to the findings of the Banking Royal Commission in relation to misconduct in the banking, superannuation and financial services industry. An inability to access debt on favourable terms will impact our ability to both refinance existing properties and acquire new properties in Australia, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

RISKS RELATING TO OUR BUSINESS IN INDIA

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

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

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

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

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

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

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

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

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

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

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

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

The risk factors entitled "Singapore taxation" and "A change in the law which governs the Securities may adversely affect Securityholders" on page 64 of the Offering Circular shall be deleted in their entirety and replaced with the following:

Singapore taxation.

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

A change in the law which governs the Notes may adversely affect Noteholders.

The Conditions of the Notes will be governed by English law (except that for so long as the Hana Notes (as defined in the Pricing Supplement) remain outstanding, the subordination provisions set out in Condition 3(a) of the Notes (as modified by the Pricing Supplement) shall be governed by and construed in accordance with the laws of the Cayman Islands). No assurance can be given as to the impact of any possible judicial decision or change to English law or Cayman Islands law, or administrative practice after the date of the date of issue of the Notes.

The following risk factor shall be added to the risk factors referred to in the sub-section headed "Risks Relating to the Presentation of the Financial Information in the Offering Circular" on page 62 of the Offering Circular:

The Interim Financials are not audited or reviewed.

The Group's unaudited and unreviewed consolidated financial information as at and for the nine months ended 30 September 2017 and 2018 presented herein, have not been audited or reviewed by Ernst & Young Hua Ming LLP. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of the Interim Financials, the information presented therein would not have been materially different, and the financial information derived from the Interim Financials should not be relied upon by investors to provide the same type or quality of information associated with information that has been subject to an audit or review. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations in respect of the period relating to the Interim Financials. In addition, the financial information derived from the Interim Financials should not be taken as an indication of the expected financial condition or results of operations of the Group for the relevant full financial year.

As of the date of this Supplemental Offering Circular, the latest audited financial statements are the Audited Financial Statements, and investors should be aware that there are no audited financial statements relating to the Group for the last year. There are significant changes to our financial positions since the date of the Audited Financial Statements, including our total capitalisation and indebtedness. See "*Capitalisation And Indebtedness*".

The following risk factor shall be added to the risk factors referred to in the sub-section headed "Risks relating to the Securities Issued under the Programme" from pages 62 to 75 of the Offering Circular:

For so long as the Hana Notes remain outstanding, the Notes constitute subordinated obligations of the Issuer subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer (including, but not limited to, holders of the Hana Notes).

For so long as the Hana Notes remain outstanding, the Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and will rank junior in priority to all claims of senior creditors of the Issuer (including but not limited to, holders of the Hana Notes) and will rank at least *pari passu* with all other Parity Obligations (as defined in the Pricing Supplement) of the Issuer and in priority to the claims of ordinary shareholders and other Junior Obligations (as defined in the Pricing Supplement) of the Issuer. Upon the occurrence of any winding-up proceeding, the rights of the holders of the Notes to payment on such Notes will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer, except as those liabilities which rank equally with or junior to the Notes. In a winding-up proceeding, the holders of the Notes may recover less than the holders of other unsubordinated liabilities of the Issuer. Although the Notes may pay a higher rate of interest than comparable securities instruments that are not subordinated, there is a real risk than an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

As a consequence of the subordination provisions, for so long as the Hana Notes remain outstanding in the event of a winding-up of the Issuer's operations, the holders of the Notes may recover less rateably than the holders of the Issuer's other unsubordinated liabilities. There is no restriction on the amount of securities which the Issuer may issue which rank *pari passu* with the Notes. The issue of any such securities may reduce the amount recoverable by the holders of the Notes on a winding-up of the Issuer. For so long as the Hana Notes remain outstanding in the winding-up of the Issuer and after payment of the claims of senior creditors, there may not be a sufficient amount to satisfy the amounts owing to the holders of the Notes.

USE OF PROCEEDS

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

CAPITALISATION AND INDEBTEDNESS

The capitalisation and indebtedness of the Group as at 31 December 2017 has been derived from the audited financial statements of the Group included in this Offering Circular and should be read together with such financial statements and the notes thereto.

The table below sets out the capitalisation and indebtedness of the Group as of 31 December 2017:

	As of 31 December 2017
	USD'000
Bank loans and other borrowings	
Current	91,706
Non-current	741,729
Total bank loans and other borrowings	833,435
Redeemable convertible preference shares (non-current)	264,199
Financial liabilities at fair value through profit or loss (non-current)	13,671
Total indebtedness	1,111,305
Equity	
Equity attributable to owners of the Issuer	
Issued capital	2,335
Perpetual capital securities	98,845
Equity component of redeemable convertible instruments	63,836
Other reserves	1,415,546
	1,580,562
Total capitalisation(1)	2,600,161

Except for new equity investments and additional borrowings for growth, there has been no significant change to the total capitalisation and indebtedness of the Group since 31 December 2017.

Note:

(1) "Total capitalisation" is defined as long-term indebtedness (non-current) and equity attributable to owners of the Issuer.

DESCRIPTION OF THE COMPANY

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

BUSINESS

OVERVIEW

We are a leading APAC focused logistics real estate platform by GFA and by value of the assets we own directly and those owned by the funds and investment vehicles we manage (the "**Portfolio Assets**"). 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 new economy. We focus solely on APAC, and currently operate in the PRC, Japan, South Korea, Singapore, Australia and India.

We manage a broad range of funds and investment vehicles that invest in a portfolio of logistics properties in various stages of property life cycle across APAC. We currently manage 18 private third-party pooled investment vehicles with over US$4.8 billion in total equity commitments, and one publicly-listed REIT listed on the SGX-ST. As of September 30, 2018, the value of the Portfolio Assets (our "**AUM**") exceeded US$14 billion, and comprised of approximately 5.7 million sqm of completed properties, approximately 3.4 million sqm of properties under construction and approximately 1.9 million sqm of GFA on land held for future development, adding up to approximately 11 million sqm of GFA in total. The robust growth in the GFA of our Portfolio Assets, is reflected in the steady increase of GFA from 7.3 million sqm as of December 31, 2016 to 10.0 million sqm as of December 31, 2017 and 11.1 million sqm as of September 30, 2018.

With our APAC-focused business model, we have achieved significant growth in the period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018. We have grown our AUM by 62.2% from US$7.4 billion to US$12.0 billion from December 31, 2016 to December 31, 2017, driven by both organic growth and strategic M&A. We have since increased our AUM to over US$14 billion as of September 30, 2018. 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.

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/or 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. As of September 30, 2018, e-commerce and 3PL tenants made up approximately 54% of the total tenants of the Portfolio Assets.

Our Company was formed from the merger of e-Shang and the Redwood Group. E-Shang was co-founded in 2011 by an affiliate of Warburg Pincus and Jinchu Shen, one of the innovators and builders of modern logistics facilities in the PRC, with the goal of establishing a platform to capitalise on the dynamic growth of the PRC economy. The Redwood Group was founded in 2006 by Stuart Gibson and Charles de Portes, who are considered among the pioneers 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 led by

Korean logistics real estate industry leaders Thomas Nam and Jihun Kang. We have since expanded this platform. In January 2017, we expanded into the Singapore market, shortly followed by our entry into the Indian market. In October 2017, we entered the Australian market through the acquisition of an equity stake in Propertylink (a real estate group specialising in Australian industrial and office investments and an equity stake in Centuria (an ASX-listed property funds manager, and in August 2018 acquired 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, with a total value of over US$1.8 billion as of September 30, 2018) as the base platform upon which to grow our Australian business. As of December 31, 2017, we own a 19.89% stake in Propertylink and a 14.90% stake in Centuria.

Our revenue grew by 58% from US$96.7 million in 2016 to US$153.3 million in 2017, and further to US$170.2 million in the nine months ended September 30, 2018, while our net profit grew by 92% from US$105.0 million in 2016 to US$201.2 million in 2017, and was US$138.6 million in the nine months ended September 30, 2018. Our total consolidated balance sheet assets grew by 45% from US$2,097 million as of December 31, 2016 to US$3,047 million as of December 31, 2017, and further to US$4,264 million as of September 30, 2018.

The following table summarises details of the Portfolio Assets as of September 30, 2018:

Country	Completed properties[(1)]	Properties under construction	GFA on land held for future development	Total GFA	Number of properties[(2)]
	(sqm in thousands)				
The PRC	**3,231.4**	**1,402.3**	**917.4**	**5,551.1**	**74**
Japan	**896.2**	**1,357.7**	**—**	**2,253.9**	**18**
South Korea	**673.9**	**674.9**	**343.4**	**1,692.2**	**18**
Singapore	**901.2**[(3)]	**—**	**—**	**901.2**	**47**
Australia	**9.2**	**—**	**14.3**	**23.5**	**3**
India	**9.3**	**—**	**628.9**	**638.2**	**5**
Total	**5,721.2**	**3,434.9**	**1,904.0**	**11,060.1**	**165**

Notes:

(1) Includes completed and stabilised properties and completed and pre-stabilised properties.

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

(3) All properties in Singapore are held by ESR-REIT.

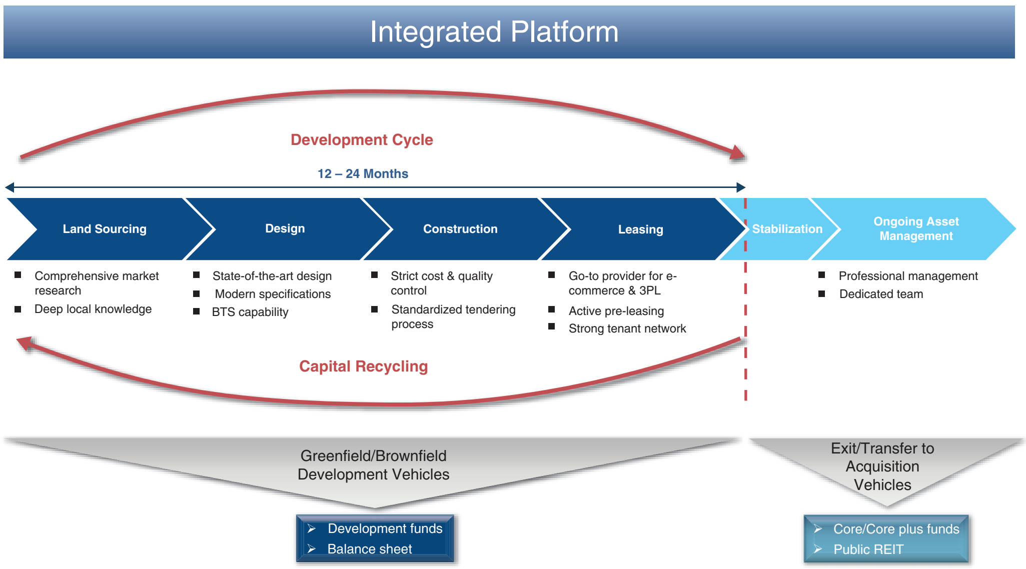
The following table summarises our AUM by assets held on our balance sheet and in the funds and investment vehicles we managed as of September 30, 2018:

Country	Assets held on our balance sheet[(1)]	Assets held in funds and investment vehicles we manage[(1)]	Total[(1)]
	(US$ millions)		
The PRC	1,342.1	2,689.0	4,031.10
Japan	382.5	4,584.6	4,967.10
South Korea	—	3,790.4	3,790.40
Singapore	—	1,206.2	1,206.20
Australia	37.3	—	37.30
India	206.0	—	206.00
Total	**1,967.9**	**12,270.2**	**14,238.10**

Note:

(1) AUM is defined as the fair value of the properties directly held and held in funds and investment vehicles we manage and, in the latter case, uncalled capital commitments.

OUR BUSINESS MODEL



Our platform utilises in-house capabilities to source, design, construct, lease and manage logistics real estate projects. 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 to 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 deploy both our own capital and that of pooled funds and investment vehicles, which span the spectrum of both risk and liquidity, to scale our business. We develop logistics properties through our own balance sheet and the development funds and investment vehicles that we manage, which help leverage our development capabilities. We utilise our capital recycling strategy to dispose of completed and stabilised assets to the core/core-plus funds and investment vehicles and public REIT that we manage, or alternatively to third parties, in order to realise development profits, which could be used for future development. 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. Our platform allows us to leverage our ability to acquire, develop and own assets that have attractive risk-reward profiles for our capital partners and yet 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 every individual project and provides visibility of our development pipeline to future capital partners.

We also use our balance sheet to grow our business via the acquisition of private and public platforms in prospective growth markets. For example, in November 2018, we made an offer to acquire all of the securities of Propertylink. See "— Recent Developments" for further information. As we continue to expand the business, we have and will continue to utilise our business model to acquire local expertise and assemble business teams in each of our markets of operation. See "— Development" for further details.

The success of our business model is evident in the significant growth in our revenue, AUM, GFA, and of our geographic footprint in the period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018. Our Company is organised into business units based on our products and services and has three reportable operating segments as follows:

- *Development*. We earn development profit through the development, construction and sale of completed properties 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.

- *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 are also able to participate in a disproportionate share of profits (a "**promote**") upon exceeding a pre-determined target IRR and after our capital partners have received their targeted capital returns.

- *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 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.

CORPORATE MILESTONES AND RECENT DEVELOPMENTS

Corporate Milestones

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

Year	Event
2006	Mr. Charles de Portes and Mr. Stuart Gibson founded the Redwood group to invest in logistics facilities in Japan and the PRC, with fund management and capital raising operations based in Singapore.
2011	Warburg Pincus co-founded e-Shang with Mr. Jinchu Shen.
2012	In July, a major European Investor committed approximately US$74 million into Redwood's opportunistic PRC logistics real estate fund, which was increased to approximately US$440 million by December 2015.
2013	In August, one of the first post-tsunami Japan logistics funds totalling US$208 million was raised, with total AUM totalling approximately US$350 million after co-investments.
	US$120 million of offshore financing from Goldman Sachs was secured, which was increased by US$100 million in 2015.
2014	Expansion into South Korea materialised and secured over 1.2 million sqm of GFA of development pipeline between 2014 and 2017.
	Our first fund vehicle with APG in the PRC was established.
2015	In November, we formed the Korea development fund with APG and a Canadian pension fund.
2016	In January, e-Shang and Redwood merged, forming our Group.
	We launched our first Japan logistics fund and closed US$200 million with an institutional investor in March 2016.
	In June, we acquired land parcels with an area of 143,839 sqm at Higashi Ogijima, Kawasaki-city, Kanagawa Prefecture, Japan, for the development of three state-of-the-art multi-storey warehouses with a total GFA of 574,971 sqm.
	In October, we acquired a group of project companies holding four strategically located properties in the PRC from Prax Capital, a PRC private equity firm.
2017	We expanded into the Singapore market and obtained control of the manager of ESR-REIT (then named Cambridge Industrial Trust) and subsequently became the second largest unitholder of ESR-REIT.
	We expanded into the India market and established an experienced local management team.
	We expanded into Australia, by becoming the largest unitholder of two industrial real estate and logistics investments managers listed on the Australian Stock Exchange, namely Centuria Capital Group, an asset manager that manages a number of REITs and funds (Stock Code: CNI) and PropertyLink.
	We closed an approximately US$333 million equity investment in our Company by SK, one of the largest conglomerates in South Korea and a top 100 company in Fortune Global 500.

Year	Event
	A Southeast Asia employees pension fund committed US$150 million into our fund with APG in China.
	We disposed of approximately US$296 million in logistics property assets which were held on our balance sheet to China Invesco Core Fund, which realised gains of US$38.3 million in 2017.
2018	In May, Jingdong Logistics Group Corporation invested into our Company to deepen the strategic cooperation and synergies between us and to create an alliance that enables best-in-class logistics services for businesses in the PRC and beyond.
	We received pre-IPO investment from Montsoreau Investments Limited, a subsidiary of CITIC Limited for continued and further expansion across APAC.
	In respect of the Korea development fund we formed with investors in 2015, both APG and the other partner increased their capital commitments.
	We made a strategic investment in China Logistics Property Holdings, a logistics real estate player in the PRC which is listed on the Hong Kong Stock Exchange (Stock Code: 1589).
	We partnered with multiple investors, including Equity International, and established a second Japan Logistics Fund to focus on investing in mature income-yielding logistics property assets in Japan.
	In July, we received additional financing from CPPIB and established new Korea Core Fund to focus on investing in mature income-yielding logistics property assets in South Korea.
	In August, we acquired 100% equity interest in CIP, a leading property development group in Australia.
	In October, ESR-REIT merged with Viva Industrial Trust ("**VIT**"), which represented the first merger of REITs listed on the Singapore Stock Exchange.
	We partnered with New China Life Insurance Company Ltd. and established NCI Core Fund.
	In November, we partnered with a leading European fund to develop logistics and industrial facilities in India.
	In December, we formed a new core joint venture with AXA Investment Managers – Real Estate, and a major sovereign wealth fund for acquisitions of core stabilised logistics assets in Japan, beginning with the acquisition of six newly completed prime assets for circa US$1 billion.

Recent Developments

In 2017, we acquired approximately 19.89% of the issued stapled securities of the Propertylink Group ("**Propertylink**") and became the largest single Propertylink securityholder.

Propertylink is an internally managed real estate group specialising in Australian industrial and office investments. They are listed on the Australian Securities Exchange (ASX:PLG) and are a constituent of the S&P/ASX 300. Please refer to the website of Propertylink https://propertylink.com.au/about/[1] for more information about Propertylink.

On November 12, 2018, we (through a subsidiary in which we own more than 90% interest, ESR Real Estate (Australia) Pty Limited ("**ESR Australia**")), entered into a bid implementation agreement ("**BIA**") with Propertylink Group ("**Propertylink**") to acquire all of the securities of Propertylink owned by third parties by way of an agreed takeover bid for an offer price of A$1.20 per Propertylink security ("**Propertylink Offer**"). Propertylink is an ASX-listed internally-managed real estate investment trust, specialising in Australian industrial and office investments. Propertylink also co-invests in its external funds with institutions from North America, Europe, the Middle East, Asia and Australia. On November 19, 2018, we (through ESR Australia) served on Propertylink the bidder's statement in relation to the Propertylink Offer (the "**Bidder's Statement**"), which contained the terms of the Propertylink Offer. A copy of the Bidder's Statement can be obtained at www.asx.com[1]. The information found in Section 6 of the Bidder's Statement (*Information on Propertylink*) is incorporated by reference and forms part of this Supplemental Offering Circular.

The Propertylink Offer is subject to a number of conditions, including ESR obtaining a relevant interest in at least 50.1% of Propertylink securities and there being no material adverse change in the Propertylink business. These conditions may be waived by us at any time. The Propertylink Offer is not conditional on approval from the Foreign Investment Review Board of Australia ("**FIRB**"). We have already received approval from FIRB for the Propertylink Offer. We cannot assure you that any of the conditions to the Propertylink Offer will be fulfilled or waived or that we will as a result of the Propertylink Offer increase our interest in Propertylink securities or obtain control of Propertylink.

The Propertylink Offer opened on November 21, 2018 and is due to close on February 28, 2019 following an extension of the offer period on January 21, 2019. Each of the directors on the board of Propertylink have accepted the Propertylink Offer and ESR Australia and its associates have, as at 7:00pm on January 18, 2019, being the last trading day immediately prior the date of a first supplementary bidder's statement issued on January 21, 2019, a relevant interest in 30.2% of the Propertylink securities. The offer close date may be extended by us in accordance with Australian law.

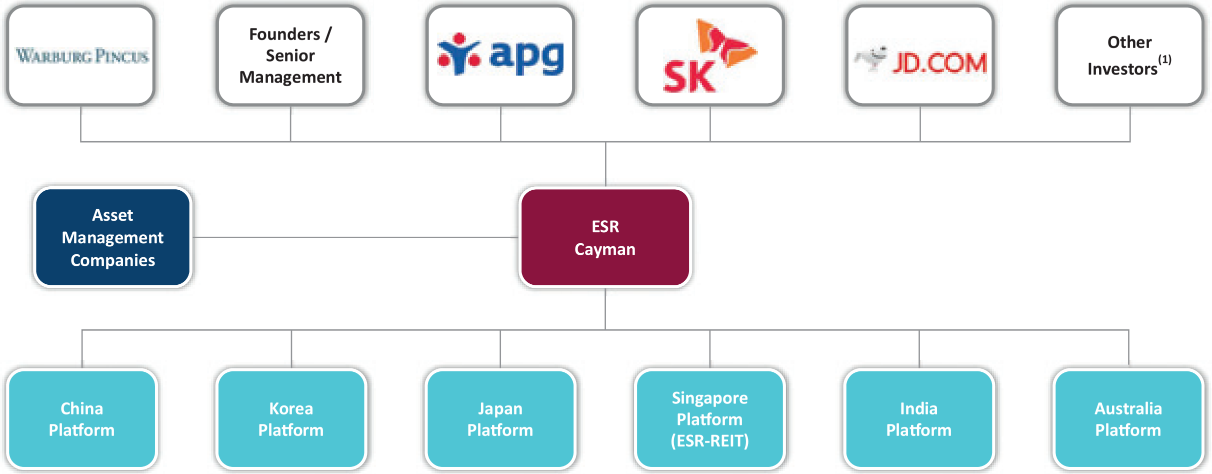
The maximum consideration payable by us under the Propertylink Offer and any associated transaction costs (the "**Aggregate Funding Requirement**") are proposed to be funded by us through a combination of:

- external debt to be provided to us under a AUD 230 million share acquisition facility; and
- existing cash and cash equivalents sources within our Group including pursuant to an equity commitment letter for up to AUD 352 million.

For more information on the risks related to the Propertylink Transaction, see "Risk Factors — We may not be able to successfully complete the Propertylink Transaction" and "Risk Factors — We may not realise the expected benefits from the Propertylink Transaction."

(1) We bear no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. The information in such external site and/or subsequent links have not been independently verified, and none of the Issuer, the Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person makes any representation as to the accuracy of that information. Unless otherwise stated, none of the information contained in the external site or subsequent links is intended to be incorporated by reference to or form part of this Supplemental Offering Circular.

OUR STRUCTURE



(1) Including Chinese investors group, Citic, State Street Global Advisors, StepStone and Goldman Sachs.

COMPETITIVE STRENGTHS AND STRATEGIES

Competitive Strengths

We are a leading 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.

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.* We believe that our APAC focus differentiates us from certain global logistics real estate players for whom Asia is a small part of their portfolio or who concentrate on more limited geographies in APAC, and positions us to capitalise on the dynamic growth in the region with strong on-the-ground execution and tenant sourcing capabilities, as evidenced by the significant growth in our AUM during the period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018. As of December 31, 2016, our AUM increased from approximately US$7.4 billion to approximately US$12.0 billion as of December 31, 2017 and to approximately US$14.2 billion as of September 30, 2018.

- *Economies of scale.* We are a leading APAC focused logistics real estate platform with Portfolio Assets of approximately 11 million sqm of GFA across six economies in the region, giving 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 start construction promptly without having to source third party financing for each project. Further, our scale offers us cost efficiencies in terms of negotiating construction contracts and facility management contracts and optimising personnel resources.

- *Network effect.* Having one of the largest portfolios of modern logistics facilities in APAC provides our tenants regional solutions as their business grows. For example, JD.com leased from us approximately 826,000 sqm across 13 locations as of September 30, 2018, and we are one of JD.com's 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 is a capital partner in both our PRC and Korea funds and remains open to exploring investments in other markets in APAC. Our broad network of modern logistics facilities and investment vehicles underpins our value proposition to tenants and capital partners.

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

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

It typically takes us approximately 12 to 24 months to develop, from land acquisition to completion, greenfield logistics properties, and approximately 18 to 24 months to redevelop brownfield logistics properties. We believe our short development timelines and ability to offer tailored services such as customised site selection, land acquisition and design helps to attract high quality and long-term tenants. For example, we delivered to Amazon Kunshan Friend I, a customised project in the greater Shanghai area, PRC, with construction completed within eleven months. In another case, we provided highly-specified logistics facilities for a German leading 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 we owned directly or were owned by the development funds we managed to core/core-plus funds and investment vehicles or alternatively to third parties. We also have the flexibility to dispose of assets to other development funds that we manage in the future. This provides an exit strategy for our development platform and realises gains for us and for our development fund capital partners. For example, we disposed of approximately US$296 million in logistics property assets which were held on our balance sheet to China Invesco Core Fund, which realised gains of US$38.3 million in 2017.

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 allows us to participate in an additional disproportionate share of equity gains through a promote upon exceeding certain target IRR and after our capital partners have received their target capital returns.

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 the AUM in the funds and investment vehicles we manage from US$10.8 billion as of December 31, 2016 to US$12.3 billion as of September 30, 2018. Our fund management revenue has increased from US$46.5 million in 2016 to US$94.3 million in 2017, and further increased to US$98.2 million in the nine months to September 30, 2018. We have maintained relatively high margins with respect to our fund management segment during the period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018.

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, which supports our resiliency across business cycles with 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 1.3 million sqm, or 45% of our leased area, occupied by leading e-commerce tenants such as Cainiao (a member of Alibaba Group), JD.com and Amazon, as of September 30, 2018. In Japan, we are a leading landlord for 3PL providers who account for approximately 0.3 million sqm, or 38.9% of our leased area. In APAC overall, e-commerce and 3PL tenants made up approximately 54% of the tenant base of the Portfolio Assets, as of September 30, 2018.

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, over 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 93% for stabilized properties in the Portfolio Assets as of September 30, 2018. Further, our network of high quality tenants underpins the leasing of 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, 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, a major European Investor first invested with us in PRC in July 2012 and subsequently partnered with us in Japan in 2013. The size and scale of our capital partners combined with their long-term approach, and our multinational platform provide us with access to capital across APAC. This network positions us to take advantage of growth opportunities in our existing markets at various stages of the investment cycle, and provides flexibility to our capital partners to deploy their capital across different geographies and risk profiles via different types of funds and investment vehicles.

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

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

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 are able to broaden our market coverage, create investment opportunities, increase our property holdings and provide our capital partners with a wider range of platforms across markets to mobilise their capital.

The formation of our Company in 2016 through the merger of the 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, 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 acquisition of VIT by 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.

Our August 2018 acquisition of CIP continues our strategy to create a long-term, scalable industrial and logistics platform in Australia with proven development capabilities, and has provided us with an established land bank and a strong management team to create a development funds management platform with immediate scale.

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

We 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. As of September 30, 2018, our senior management team owned approximately 20% of our Company, which creates alignment between senior management and our shareholders. Our key management team members are as follows:

- Jinchu Shen, co-founder and co-CEO: Mr. Shen has over 18 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 logistic 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.

- Stuart Gibson, co-founder and co-CEO: Mr. Gibson has over 20 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.

- Charles de Portes, co-founder and President: Mr. de Portes has over 22 years of real estate investment experience, including over 18 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.

- 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 Warburg Pincus, which is one of the largest private equity investors in Asia and has been a leading global private equity investor since 1966. Other shareholders, such as JD.com and SK Holdings Co., Ltd. ("**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 capitalise on the significant market opportunities across APAC

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

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

    - o *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.

    - o *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, establishing ourselves 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.

- *India.* Create one of the leading Indian logistics real estate platforms with a focus on developing larger-style modern logistics parks that typically occupy over 100 acres of land and measure approximately 200,000 sqm 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 repeatedly come back to us due to our ability to deliver high quality state-of-the-art logistics facilities across their operating network on efficient development timelines and budgets. We intend to continue building modern logistics facilities in strategic locations that meet the evolving expansion needs of our tenants, especially those that make supply chain decisions across APAC (such as JD.com and Cainiao (a member of the Alibaba Group)).

- *Continue to leverage on our integrated fund platform.* Using our robust deal sourcing and development capabilities and our capital pool, we intend to provide our capital partners 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 and Vietnam), leveraging on our strong management expertise and diverse network of 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 lessees in more than one of our markets of operation. Our tenants can benefit from our ability to offer logistics solutions in multiple cities in multiple markets.

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

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

We intend to expand our fund management platform to support our growth plans, taking advantage of our global institutional investor base and capital recycling model, which is intended to efficiently allocate 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$296 million to the core funds and core-plus funds we manage. We intend to continue to inject select mature assets into our core and core-plus funds to return capital and spur near-term expansion into higher-growth acquisition and development opportunities while retaining management control and fee revenue from the mature assets.

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 capitalise on significant opportunities that exist in other real estate markets in Asia. 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 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 in APAC, as many investors are seeking regional investment allocations and have the neither 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 to establish new funds that will allow us to have wider discretion, better economics and further diversification of our investor base.

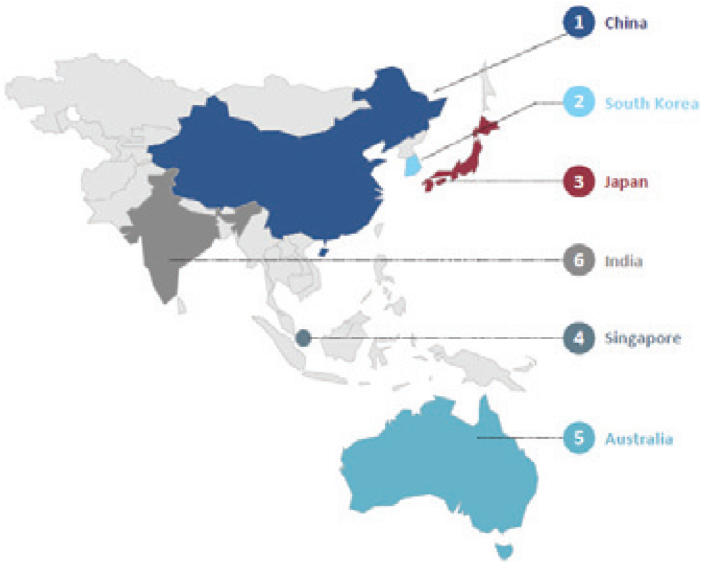
Strategically explore and expand into adjacent businesses and investment products within Asia

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

PRINCIPAL BUSINESS ACTIVITIES

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

As depicted below, the geographic reach of the Portfolio Assets allows us to meet our tenants' business and expansion needs in multiple locations in APAC.



As of September 30, 2018, we owned or managed (i) GFA that were completed of 5.7 million sqm, (ii) GFA that were under construction of 3.4 million sqm, and (iii) GFA on land held for future development of approximately 1.9 million sqm. As of September 30, 2018, 71% of the Portfolio Assets in terms of GFA were held by the funds and investment vehicles that we manage, with the rest held on our balance sheet.

Development

We develop logistics properties on our balance sheet and through the funds and investment vehicles we manage. We have established efficient, high-quality and scalable greenfield and brownfield logistics facilities development capabilities in each country where we operate with our extensive in-house expertise from selection and acquisition of sites to the design, construction and leasing of modern logistics facilities. These facilities are characterised by large floor plates, high ceilings, wide column spacing, spacious and modern loading docks as well as enhanced safety systems and other value-added features. We conduct feasibility studies, master planning, project design, project cost analysis and project management for each of our logistics properties. We employ 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 ability to develop certain properties on our balance sheet gives us the ability to seed funds with fully developed and stabilised properties from our balance sheet, which not only facilitates fundraising but also helps us to realise development gains when we dispose of such properties.

In August 2018, we acquired CIP for approximately A$40 million (approximately US$29.7 million) to launch our business in Australia. CIP is an integrated development group with a national presence in

Australia and has developed more than 1.5 million sqm of commercial and industrial real estate projects, with a combined value of over US$2.5 billion as of September 30, 2018. CIP has a 500,000 sqm of developments in the pipeline 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 the future.

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

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

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

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

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

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

The following table sets forth details of the development properties held on our balance sheet by geography as of September 30, 2018:

Country	**Properties (number)**	**Land Area (sqm)**	**GFA**
The PRC	6	659,968	724,379
Japan	2	143,839	574,971
Australia	2	78,646	14,265
India	4	1,180,806	628,948

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 September 30, 2018:

	Properties (number)	**Total GFA (sqm in thousands)**	**Interest held by our Company (%)**
<u>Joint ventures</u>			
e-Shang Star Cayman Limited (PRC)	12	843.9	25.6
Sunwood Star Pte. Ltd (South Korea)	9	1,018.3	20.0
<u>Other funds and investment vehicles</u>			
The PRC	7	751.4	2.3
Japan	5	782.7	12.6

Fund Management

Through our fund management platform, as of September 30, 2018, we managed 18 private third-party investment vehicles across APAC and one public logistics property fund the ESR-REIT, and we had a total of 21 capital partners. The total AUM in the funds and investment vehicles we manage increased from US$6.5 billion as of December 31, 2016 to US$10.8 billion as of December 31, 2017, and further to US$12.3 billion as of September 30, 2018. As of September 30, 2018, total equity commitment in the funds and investment vehicles we managed was US$4.8 billion, of which US$3.0 billion was invested, with a further US$1.8 billion of uncalled capital to be deployed.

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 are able to participate in promote once we exceed 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 summarises the aggregate number and AUM of the funds and investment vehicles we managed as of the dates indicated:

	As of December 31,		As of September 30,
	2016	2017	2018
	(US$ in millions)		
Aggregate number	17	18	19
AUM	6,495	10,825	12,270

Overview of Funds and Investment Vehicles

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

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 an investment period of 2 to 4 years. After the investment period, profits are returned to investors as investments are realised through the sale of such investments to our other funds and investment vehicles or to third parties, generally over 3 to 5 years.

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

Public Real Estate Fund — ESR-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 stabilised assets from the funds and other investment vehicles we manage into ESR-REIT, subject to the relevant listing rules of SGX-ST, and as a result realise development gains on our balance sheet.

As of September 30, 2018, ESR-REIT had a diversified portfolio of 47 properties located across Singapore consisting of business parks, high specification industrial properties, logistics facilities and light industrial facilities. ESR-REIT's portfolio has appraised carrying value of approximately S$1.66 billion (approximately US$1.2 billion), a total GFA of approximately 9.7 million square feet (approximately 0.9 million sqm) as of September 30, 2018. We have an interest of approximately 8.3% in ESR-REIT as a result of our ownership of 263,163,164 units in ESR-REIT and manage all of its assets as ESR-REIT's property and asset manager.

On 18 January 2019, ESR-REIT released its financial results for FY2018. A copy of the financial statement for the financial year ended 31 December 2018 can be obtained at https://www2.sgx.com/[1].

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 maximise 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 S$1.5 billion. VIT is a Singapore-focused business park and industrial 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 retain an interest of approximately 9.3% in the enlarged ESR-REIT and continue to manage the assets of the enlarged ESR-REIT as its property and asset manager.

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(1) We bear no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. The information in such external site and/or subsequent links have not been independently verified, and none of the Issuer, the Joint Bookrunners, the Trustee or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person makes any representation as to the accuracy of that information. Unless otherwise stated, none of the information contained in the external site or subsequent links is intended to be incorporated by reference to or form part of this Supplemental Offering Circular.

Fund Management Fees and Interests

We receive management fees and other interests in exchange for our management services. These management fees and other interests 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. Depending on the type, we earn our fee income either on a recurring basis or on transactional basis. With regard to transaction-based fees, we expect to continue generating transactions from which we derive fees going forward 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. We earn income from base management fees, asset management fees, acquisition fees, development fees, leasing fees and promote fees.

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% stake in CNLP, a major logistics infrastructure and service provider in the PRC which has, as of June 30, 2018, 138 logistics facilities in operation in 29 logistics parks in 14 provinces or centrally administered municipalities across the PRC with total GFA of approximately 4.4 million sqm.

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

Balance Sheet Properties

The following table summarises the completed investment properties held on our balance sheet by geography as of September 30, 2018. Completed investment properties held on our balance sheet accounted for 12% of the Portfolio Assets by GFA as of September 30, 2018.

Property	GFA (sqm)	Total Valuation (US$ in millions)	WALE[1]
The PRC	1,320,853	1,145	3.4
Australia	9,190	23.9	14.9
Total	1,330,043	1,168.9	—

Note:

(1) "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.

Fund Properties

The following table summarises the completed properties held by our joint ventures and the other funds and investment vehicles we managed as of September 30, 2018. The completed properties held by our joint ventures and the other funds and investment vehicles we manage accounted for 40% of the Portfolio Assets by GFA as of September 30, 2018.

	Properties	Total GFA	Interest held by the Company
	(number)	(sqm in thousands)	(%)
Joint ventures			
e-Shang Star Cayman Limited (PRC)	15	1,053.2	25.6
Sunwood Star Pte. Ltd (South Korea)	3	400.7	20.0
Other funds and investment vehicles			
The PRC	15	857.3	3.4
Japan	12	896.2	6.9
South Korea	6	273.3	10
Singapore	47	901.2	13.3

In addition, we also hold investment interests in other investments primarily in listed companies, including our investments in VIVA Industrial Trust, Sabana Shariah Compliant Industrial REIT and AIMS AMP Capital Industrial REIT in Singapore, Propertylink and Centuria in Australia and CNLP in Hong Kong.

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 Korea and up to twelve months in Japan to substantially lease-up a new logistics property after its completion of construction. 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 develop and strengthen relationships with large national and international firms with significant logistic operations to present our logistics facilities, and undertake dedicated media campaigns to enhance and promote our logistics facilities. Furthermore, we collaborate with other professional institutions, such as property brokerage firms, to prepare marketing studies and develop our marketing and property leasing plans.

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

As part of our marketing and leasing strategy, we also periodically sponsor and participate in events in local regions in the PRC, Japan, South Korea, Singapore, Australia and India where we develop and operate our logistics properties, such as trade seminars and exhibitions, in order to enhance our brand name and promote our logistics facilities.

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. We seek to be a regional partner for our tenants, with a goal to be the single point of contact to design and build a multi-market distribution network for tenants throughout the PRC, Japan, South Korea, Singapore, Australia and India.

Funds and Investment Vehicles

We manage 19 funds and investment vehicles and generate revenue from the management of those funds and investment vehicles.

SUPPLIERS

Our suppliers primarily consist of construction companies, property management companies, interior designers and commercial real estate brokers.

These largest suppliers are primarily construction contractors. 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. Each of our five largest suppliers are independent third parties.

SOURCES OF FUNDS AND CERTAIN KEY CONTRACTS

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

The Hana Notes

On November 11, 2016, we entered into a notes subscription agreement (the "**Subscription Agreement**") with certain subscribers (together, the "**Note Purchasers**") for the issuance of US$300,000,000 in aggregate principal amount of fixed rate senior notes (the "**Notes**") at 6.3 per cent. per annum. The Notes are interest bearing, issued in registered form and have a scheduled maturity date of 3 years from the issue date, unless as extended by us in accordance with the Subscription Agreement. The Notes contain certain covenants, including (but not limited to) us not being able to, and shall ensure that no member of our Group will be able to, incur any additional financial indebtedness, save for certain exceptions as set out in the Subscription Agreement. In addition, the Notes have the benefit of, *inter alia*, security (or equivalent undertakings) granted by all of the then ordinary shareholders of our Company over all of their respective shares in our Company, as well as security granted by us over the shares owned by us directly in certain members of our Group.

The C Preference Shares

On December 30, 2016, we issued 245,359,810 Class C redeemable, convertible, preferred shares with a par value of US$0.001 in the capital of our Company (the "**C Preference Shares**") to a group of independent third parties for an aggregate consideration of US$300,000,000. Holders are entitled to convert the C Preference Shares into our Company's ordinary shares based on a conversion ratio of 1:1 under certain circumstances, and which shall be subject to adjustments from time to time as set out under the articles of association of our Company.

The Series 1 Perpetual Securities

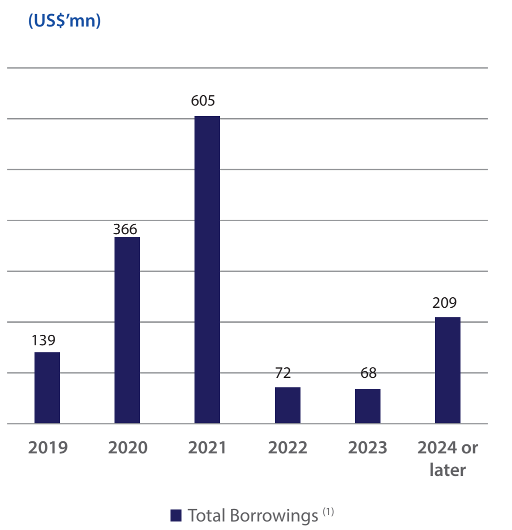
On June 7, 2017, we issued US$100,000,000 8.25% Fixed Rate Perpetual Resettable Step-Up Subordinated Securities (the "**Perpetual Securities**"). The Perpetual Securities were issued in registered form with a distribution rate of 8.25 per cent. per annum payable semi-annually in arrear.

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

We have maintained a consistent track record of low gearing ratios and healthy EBITDA cover[1]. Our net gearing[2] (excluding redeemable convertible preference shares) was 16.7% as of December 31, 2016, 7.6% as of December 31, 2017 and 14.8% as of September 30, 2018. Our EBITDA cover stood at 1.41 times as of December 31, 2016, 1.57 times as of December 31, 2017 and 1.71 times as of September 30, 2018.

Our debt maturity profile as of September 30, 2018 is as shown below:

Amount Falling Due Per Year – as of September 30, 2018



(1) Excluding redeemable convertible preference shares.

Our business requires substantial capital investment to fund our growth strategy. We have, in the past, financed our business and operations through internal cash flows, private equity nature fundraising, public bond offerings and loans from commercial banks or other financial institutions. We may, in the future, require additional financing to support our growth strategy and fund our capital expenditures for

(1) Derived by adding back depreciation, amortisation and finance costs to profit before tax (excluding revaluation gains) and dividing by finance cost.

(2) Net debt divided by total assets.

our balance sheet assets, investment in the co-investment vehicles and/or to refinance our existing debt obligations. We are constantly assessing our funding options in both the debt and equity capital markets, after taking into consideration various factors, such as the general economic and capital markets conditions, interest rates, credit availability from banks or other lenders. In particular, we have been exploring, and will continue to explore, the feasibility of obtaining additional equity financing through new investments from other institutional and/or public investors by way of an initial public offering of our shares. However, there can be no assurance of the timing and manner of such investments or offering.

DESCRIPTION OF PRINCIPAL SUBSIDIARIES

The principal business activities and date of establishment and commencement of business of each member of our Group that made a material contribution to our results of operations during the period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018 are shown below:

Name of entity	Principal business activities	Date of establishment and commencement of business
(1) ESR Cayman Limited	Ultimate Parent Company	June 14, 2011
(2) Jiangsu Fulaide Warehouse Co., Ltd. (江苏富莱德仓储有限公司)	Project Company	August 14, 2003
(3) ESR Funds Management (S) Limited	Management Company of the ESR REIT	September 14, 2005
(4) ESR Property Management (S) Pte. Ltd.	Management Company of the ESR REIT	November 4, 2005
(5) ESR Ltd	Management Company	May 8, 2006
(6) ESR Singapore Pte. Ltd.	Management Company	November 27, 2007
(7) Shanghai Yurun Meat Food Co., Ltd (上海雨润肉食品有限公司)	Project Company	June 3, 2010
(8) Langfang Weidu International Logistics Co., Ltd (廊坊唯度国际物流有限公司)	Project Company	March 15, 2011
(9) Shanghai e-Shang Warehouse Services Co., Ltd. (上海益商仓储服务有限公司)	Management Company	July 8, 2011
(10) Dongguan Hongshang Warehouse Service Co., Ltd (东莞鸿商仓储服务有限公司)	Project Company	December 21, 2011
(11) Dongguan Huishang e-commerce Service Co., Ltd (东莞汇商电子商务服务有限公司)	Project Company	December 21, 2011
(12) Xinbin (Shanghai) Corporate Management Services Co., Ltd (新宾（上海）企业管理服务有限公司)	Project Company	February 22, 2012
(13) Summit (BVI) Limited	Investment Holding Company	February 24, 2012
(14) Guangzhou Mingyue Warehouse Co. (广州市铭粤仓储有限公司)	Project Company	December 6, 2012
(15) Redwood Asian Investments, Ltd	Investment Holding Company	August 5, 2013

Name of entity	Principal business activities	Date of establishment and commencement of business
(16) Tianjin Fanbin Warehouse Service Co., Ltd (天津凡濱仓储服务有限公司)	Project Company	August 22, 2013
(17) Wuhan Mingju Supply Chain Company Limited (武汉明聚供应链发展有限公司)	Project Company	December 10, 2013
(18) Kendall Square Logistics Properties, Inc.	Management Company for Korea focused funds	December 12, 2014
(19) Sunwood Singapore Holding Pte. Ltd.	Investment Holding Company (JV with Korea Founders)	December 24, 2014
(20) Hangzhou Mingpu Supply Chain Management (杭州明浦供应链管理有限公司)	Project Company	June 29, 2015
(21) e-Shang Infinity Cayman Limited	Investment Holding Company	September 30, 2015
(22) Kendall Square Asset Management, Inc.	Management Company for Korea focused funds	September 1, 2016
(23) ESR Pte Ltd	Investment Holding Company	May 26, 2017

COMPETITION

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

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

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

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 practise 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.

INTELLECTUAL PROPERTY RIGHTS

We currently have 30 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”, “溢商” 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.

As of the date of this Supplemental Offering Circular, 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 utilise enterprise software platforms including SAP and Salesforce to aggregate and analyse data regarding our buildings, our financials, and our clients. We also assess the need to implement and supplement human resources and management systems as the business grows. We believe that our information technology platform improves our operational efficiency and provides high quality internal governance controls. We continue to assess the adequacy of our computer systems and implement improvements to our platform. For example, we are in the process of implementing the SAP enterprise software platforms at our Australia and India platform.

EMPLOYEES

As of September 30, 2018, we had 466 employees in seven countries.

We actively recruit skilled and qualified personnel, including university and advance 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 organised 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 labour union. We have not experienced any strikes or disruptions to our operations due to labour disputes. We believe that our relationships with our employees are good.

We have compliance training programmes 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 rigorous ongoing FCPA and compliance training, we organise on-the-job training on a regular basis on various topics, which is designed to improve the skills of our employees.

DESCRIPTION OF RELATED PARTY TRANSACTIONS

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

ENVIRONMENTAL AND SAFETY MATTERS

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

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 period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018 and as of the date of this Supplemental Offering Circular, 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 period comprising the two financial years ended December 31, 2016 and 2017 and the nine months ended September 30, 2018 and as of the date of this Supplemental Offering Circular, (i) we did not commit any material non-compliance of the laws or regulations, 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.

TAXATION

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

Singapore taxation

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

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

1 Taxation relating to payments on Securities

Interest and Other Payments

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

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

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

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

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

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

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

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

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

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

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

In addition, where more than half of the Securities issued under a tranche of the Programme are distributed by Financial Sector Incentive (Bond Market) Companies, Financial Sector Incentive (Capital

Market) Companies or Financial Sector Incentive (Standard Tier) Companies (each as defined in the ITA), such tranche of the Securities issued during the period from the date of this Offering Circular to 31 December 2023 (the "**Relevant Securities**") would, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the "**QDS Regulations**"), be "qualifying debt securities" for the purposes of the ITA and the Monetary Authority of Singapore ("**MAS**") circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the "**MAS Circular**"), to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require and the inclusion by the relevant Issuer in all offering documents relating to such tranche of the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" shall not apply if the non-resident person acquires such tranche of the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities, derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire such tranche of the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer, or such other person as the MAS may direct, of a return on debt securities for any tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require), Specified Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent.; and

(c) subject to:

    (i) the relevant Issuer including in all offering documents relating to that tranche of the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from such tranche of the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the relevant Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for that tranche of the Relevant Securities within such period as the MAS may specify and such other particulars in connection with such tranche of the Relevant Securities as the MAS may require,

    Specified Income derived from any tranche of the Relevant Securities is not subject to withholding of tax by the relevant Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Securities, such tranche of the Relevant Securities is issued to fewer than four persons and 50.0 per cent. or more of the issue of such tranche of Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, such tranche of Relevant Securities would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of the Relevant Securities is "qualifying debt securities", if, at any time during the tenure of such tranche of the Relevant Securities, 50.0 per cent. or more of such tranche of the Relevant Securities which is outstanding at any time during the life of its issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Specified Income from such tranche of the Relevant Securities derived by:

    (i) any related party of the relevant Issuer; or

    (ii) any other person where the funds used by such person to acquire such tranche of the Relevant Securities are obtained, directly or indirectly, from any related party of the relevant Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Securities by any person who is not tax resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for "qualifying debt securities" should not apply if such person acquires the Relevant Securities with funds from the Singapore operations.

Notwithstanding that the relevant Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (the "**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the relevant Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the "qualifying debt securities" within such period as the MAS may specify and such other particulars in connection with the "qualifying debt securities" as the MAS may require), income tax exemption is granted on Specified Income derived by any investor from "qualifying debt securities" (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity date of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:

   (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the relevant Issuer included in any offering document for such qualifying debt securities; and

   (ii) the qualifying debt securities do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the qualifying debt securities at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities is "qualifying debt securities" which qualifies for the QDS Plus Scheme, if, at any time during the tenure of such tranche of the Relevant Securities, 50.0 per cent. or more of the issue of such tranche of the Relevant Securities which is outstanding at any time during the life of its issue is beneficially held or funded, directly or indirectly, by related parties of the relevant Issuer, Specified Income from such tranche of the Relevant Securities derived by:

(a) any related party of the relevant Issuer; or

(b) any other person where the funds used by such person to acquire such tranche of the Relevant Securities are obtained, directly or indirectly, from any related party of the relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2 Taxation relating to payments on Perpetual Securities

Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the e-Tax Guide: Income Tax Treatment of

Hybrid Instruments on 19 May 2014 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

(i) nature of interest acquired;

(ii) investor's right to participate in issuer's business;

(iii) voting rights conferred by the instrument;

(iv) obligation to repay the principal amount;

(v) payout;

(vi) investor's right to enforce payment;

(vii) classification by other regulatory authority; and

(viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest;

(d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions; and

(e) in respect of REIT distributions, the tax treatment depends on the underlying receipts from which such distributions are made and the profile of the investors.

Application for tax ruling

The relevant Issuer may apply to the IRAS for an advance tax ruling to confirm the classification of any tranche of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions.

If such an application is made, the relevant Issuer will provide details of the tax ruling issued by the IRAS shortly after the receipt of the tax ruling.

3 Capital gains

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from a sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from a sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Securities will depend on the individual facts and circumstances relating to that sale of the Securities.

Holders of the Securities who are adopting or have adopted Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement ("**FRS 39**") or Singapore

Financial Reporting Standard 109 — Financial Instruments ("**FRS 109**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 treatment for Singapore income tax purposes".

4 Adoption of FRS 39 and FRS 109 treatment for Singapore income tax purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes. to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5 Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

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

Singapore

The Joint Bookrunners have acknowledged that the Offering Circular and this Supplemental Offering Circular have not been registered as a prospectus with the MAS. Accordingly, the Joint Bookrunners have represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular and this Supplemental Offering Circular or any other material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

PRICING SUPPLEMENT IN RELATION TO NOTES

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309(B)(1)(a) and 309(B)(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Pricing Supplement dated [•] January 2019

ESR Cayman Limited
Issue of S$[•] [•] per cent. Fixed Rate Notes due [•] (the "Notes")
under the U.S.$2,000,000,000 Multicurrency Debt Issuance Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 12 May 2017 and the Supplemental Offering Circular dated [•] January 2019 (together, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular as so supplemented.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

1	Issuer:	ESR Cayman Limited
2	Series Number:	2

3	Currency or Currencies:	Singapore dollars ("**S$**")
4	Aggregate Principal Amount:	
	(i) Series:	S$[•]
	(ii) Tranche:	S$[•]
5	(i) Issue Price:	[•] per cent. of the Aggregate Nominal Amount
	(ii) Net Proceeds:	Approximately S$[•]
6	(i) Denomination Amount:	S$250,000
	(ii) Calculation Amount:	S$250,000
7	(i) Issue Date:	[•] January 2019
	(ii) Interest Commencement Date:	Issue Date
8	Negative Pledge:	Condition 4 applies
9	Maturity Date:	[•]
10	Interest Basis:	[•] per cent. Fixed Rate
11	Redemption/Payment Basis:	Redemption at par
12	Redemption Amount (including early redemption):	Redemption Amount per Calculation Amount shall be S$250,000
13	Change of Interest or Redemption/ Payment Basis:	Not Applicable
14	Put/Call Options:	Redemption for Taxation Reasons
15	Status of the Notes:	Subordinated, only for so long as the Hana Notes remain outstanding. Senior, from and including the date the Hana Notes are redeemed in full or are no longer outstanding. See below for further details. Condition 3(a) shall be replaced in entirety with the following: **"3(a)(i) Status** For so long as the Hana Notes remain outstanding, the Notes shall constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer and the rights and claims of the Noteholders in

respect of the Notes are subordinated as provided in this Condition 3(a) accordingly. From and including the date on which the Hana Notes have been redeemed in full or are otherwise no longer outstanding, the Notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3(a)(ii) Ranking of claims on winding up

For so long as the Hana Notes remain outstanding, subject to the insolvency laws of the Cayman Islands and other applicable laws, upon the commencement of the winding-up of the Issuer, whether voluntary or compulsory, the rights of the Noteholders in respect of the Notes to payment of principal of and interest on the Notes are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer (including, but not limited to, holders of the Hana Notes) but at least *pari passu* with all other Parity Obligations of the Issuer and in priority to the claims of ordinary shareholders and other Junior Obligations of the Issuer.

3(a)(iii) No set-off

For so long as the Hana Notes remain outstanding, subject to applicable law, no holder of the Notes relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes, and each holder of Notes shall, by virtue of his holding of any Notes, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Notes by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such holder of Notes shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of the winding-up or administration of the Issuer, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, from and including the date on which the Hana Notes have been redeemed in full or are otherwise no longer outstanding, Conditions 3(a)(ii) and 3(a)(iii) will no longer apply and will cease to be in effect.
In the Conditions:

"**C Preference Share**" means a Class C redeemable, convertible, preferred share with a par value of U.S.$0.001 in the capital of the Issuer, as set out in the Memorandum and Articles of Association of the Issuer;

"**Hana Notes**" means the US$300,000,000 fixed rate notes due 18 November 2019 issued by the Issuer on 18 November 2016 to NongHyup Bank as trustee for Hana Private Real Estate Investment Trust No. 16 and NongHyup Bank as trustee for Hana Private Real Estate Investment Trust No. 17 (the "**Note Purchasers**") pursuant to the note subscription agreement dated 11 November 2016 between the Issuer and the Note Purchasers;

"**Junior Obligations**" means (i) any ordinary share of the Issuer and (ii) any class of the Issuer's share capital and any instruments or securities issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to the Notes (including the C Preference Shares and the Subordinated Perpetual Securities);

"**Parity Obligations**" means any instrument or security issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Notes and/or other Parity Obligations;

		"**Subordinated Perpetual Securities**" refers to the U.S.$100,000,000 Perpetual Resettable Step-Up Subordinated Securities issued on 7 June 2017 under the Programme; and "**winding-up**" means bankruptcy, termination, winding-up, liquidation, receivership or similar proceedings".
16	Listing and admission to trading:	Singapore Exchange Securities Trading Limited
17	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18	Fixed Rate Note Provisions:		Applicable
	(i)	Interest Rate:	[•] per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	[•] January and [•] July in each year
	(iii)	Fixed Coupon Amount[(s)]:	Not Applicable
	(iv)	Initial Broken Amount:	Not Applicable
	(v)	Final Broken Amount:	Not Applicable
	(vi)	Day Count Fraction:	Actual/365 (Fixed)
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
19	Floating Rate Note Provisions:		Not Applicable
20	Variable Rate Note Provisions:		Not Applicable
21	Hybrid Note Provisions:		Not Applicable
22	Zero Coupon Note Provisions:		Not Applicable
23	Index Linked Interest Note Provisions:		Not Applicable

PROVISIONS RELATING TO REDEMPTION

24	Redemption at the Option of the Issuer:	No
	Issuer's Redemption Option Period (Condition 6(b)):	
25	Redemption at the Option of the Securityholders:	No
	Securityholders' Redemption Option Period (Condition 6(c)):	

26	Redemption for Taxation Reasons:	Yes
	Issuer's Redemption Option Period (Condition 6(d)):	As set out in Condition 6(d)
27	Redemption in the case of Minimum Outstanding Amount:	Yes
	Issuer's Redemption Option Period (Condition 6(e)):	As set out in Condition 6(e)
28	Redemption Amount of each Note:	See paragraph 12 of this Pricing Supplement
29	Early Redemption Amount:	
	(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	See paragraph 12 of this Pricing Supplement

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30	Form of Notes:	Registered Notes Global Certificate exchangeable for Definitive Notes in the limited circumstances specified in the Global Certificate
31	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
32	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
33	Consolidation provisions:	Not Applicable
34	Private Banking Rebate:	Applicable
35	Use of Proceeds:	As per the Offering Circular
36	Other terms or special conditions:	The following shall be inserted as a new Condition 4(a): **"4(a) Financial Indebtedness** (i) For so long as the Hana Notes remain outstanding, except as permitted under Condition 4(a)(ii) below, after the Issue Date, the Issuer shall not incur any additional Financial Indebtedness.

(ii) Condition 4(a)(i) above does not apply to Financial Indebtedness which is:

(A) incurred under any agreement which provides for the claims of the relevant creditor thereunder to: (I) be expressly subordinated to; or (II) rank *pari passu* with, the claims of the holders of the Notes;

(B) incurred by the Issuer in respect of activities in the ordinary course of business as a holding company (including but not limited to professional fees and administration costs);

(C) existing and outstanding as at the Issue Date, and any refinancing of such Financial Indebtedness (provided that the proceeds of any such refinancing is applied in full towards repayment of the relevant Financial Indebtedness being refinanced); or

(D) incurred or allowed to remain outstanding with the consent of the Noteholders.

For the avoidance of doubt, from and including the date on which the Hana Notes have been redeemed in full or are otherwise no longer outstanding, this Condition 4(a) will no longer apply and will cease to be in effect.

For the purposes of this Condition 4(a), the term below shall have the following meaning:

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(1) moneys borrowed;

(2) any amount raised by acceptances under any acceptance credit facility (or dematerialised equivalent);

(3) any obligations evidenced by bonds, debentures, loan stock, notes or other similar instruments (including any premium, to the extent such premium has become due and payable);

		(4) the amount of any liability in respect of any lease to the extent required to be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, have been treated as an operating lease);
		(5) any moneys owing in connection with the sale or discounting of receivables (except to the extent they are sold on a non-recourse basis);
		(6) any amount raised under any other transaction (including any forward sale or purchase agreement) classified as borrowings under the IFRS; or
		(7) (without double counting) any amounts guaranteed by the Issuer for any of the items referred to in paragraphs (1) to (6) above;”

DISTRIBUTION

37	(i) If syndicated, names of Managers:	Credit Suisse (Singapore) Limited, Merrill Lynch (Asia Pacific) Limited, DBS Bank Ltd., Standard Chartered Bank, United Overseas Bank Limited and UBS AG Singapore Branch
	(ii) Stabilising Manager (if any):	[•]
38	If non-syndicated, name of Dealer:	Not Applicable
39	U.S. selling restrictions:	Reg. S Category 1 TEFRA Not Applicable The Notes are being offered and sold only in accordance with Regulation S.
40	Additional selling restrictions:	Not Applicable
41	Prohibition of Sales to EEA Retail Investors:	Not Applicable

OPERATIONAL INFORMATION

42	ISIN Code:	[•]
43	Common Code:	[•]
44	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or CDP and the relevant identification number(s):	The Notes will be cleared through CDP.

45	Delivery:	Delivery free of payment
46	Additional Paying Agent(s) (if any):	Not Applicable

GENERAL

47	Applicable governing document:	Trust Deed dated 12 May 2017 as supplemented by the Supplemental Trust Deed dated [•] January 2019
48	The aggregate principal amount of Notes in the Currency issued has been translated into U.S. dollars at the rate of S$[•] = U.S.$1.00, producing a sum of (for Notes not denominated in U.S. dollars):	U.S.$[•]
49	In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong or Singapore:	Not Applicable
50	In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than Hong Kong or Singapore:	Not Applicable
51	Ratings:	The Notes to be issued are unrated.
52	Governing Law:	English law, except that for so long as the Hana Notes remain outstanding the subordination provisions set out in Conditions 3(a)(i), 3(a)(ii) and 3(a)(iii), each as amended by this Pricing Supplement, applicable to the Issuer shall be governed by and construed in accordance with the laws of the Cayman Islands.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Notes described herein pursuant to the U.S.$2,000,000,000 Multicurrency Debt Issuance Programme of ESR Cayman Limited.

STABILISATION

In connection with this issue, [•] (the "**Stabilising Manager**") (or persons acting on behalf of the/any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or overallotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **ESR CAYMAN LIMITED**

By: ___________________________________

Duly authorised

GENERAL INFORMATION

(1) Application will be made for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Circular. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Group or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of S$250,000. So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that that Global Certificate representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Island in connection with the issue of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 21 January 2019.

(3) Except as disclosed in the Offering Circular and this Supplemental Offering Circular, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2018 and no material adverse change in the prospects of the Issuer or the Group since 30 September 2018.

(4) Except as disclosed in the Offering Circular and this Supplemental Offering Circular, there are no legal or arbitration proceedings pending or, so far as the Issuer and its directors are aware, threatened against the Issuer or any member of the Group the outcome of which, in the opinion of the directors, may have or have had during the 12 months prior to the date of this Supplemental Offering Circular a material adverse effect on the financial position of the Issuer.

(5) The Legal Entity Identifier (LEI) Code of the Issuer is 549300C81AR42BZUFZ09.

(6) The following documents will be available, at all reasonable times during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Trustee and the specified office of the Issuing and Paying Agent, the addresses of which, as at the date of this Supplemental Offering Circular, are set out at the end of this Supplemental Offering Circular:

(i) the Trust Deed, the Agency Agreement and Supplemental Trust Deed;

(ii) the constitutive documents of the Issuer;

(iii) the Audited Financial Statements;

(iv) the Pricing Supplement; and

(v) a copy of the Offering Circular and this Supplemental Offering Circular,

subject (a) in the case of the documents mentioned in (ii), (iii), (iv) and (v), to the same having first been provided by the Issuer to the Trustee and the Principal Paying Agent and (b) in the case of the Trust Deed and the Supplemental Trust Deed, to the same having first been provided by the Issuer to the Principal Paying Agent.

(7) Ernst & Young Hua Ming LLP has audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the year ended 31 December 2017 (which is included only in F-2 to F-115 of this Supplemental Offering Circular). Ernst & Young Hua Ming LLP has given and has not withdrawn its written consent to the issue of this Supplemental Offering Circular for the inclusion herein of (i) its name, and (ii) the independent auditor's report on the consolidated financial statements of the Issuer for the year ended 31 December 2017, in the form and context in which they appear in this Supplemental Offering Circular, and reference to its names and such reports in the form and context which they appear in this Supplemental Offering Circular.

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ESR Cayman Limited
(Formerly known as e-Shang Redwood Limited)

Consolidated Financial Statements

For the year ended 31 December 2017

ESR Cayman Limited

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ESR Cayman Limited

Opinion

We have audited the consolidated financial statements of ESR Cayman Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 112 which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Goodwill and other intangible assets with indefinite useful life impairment consideration	
The goodwill of USD226,232,000 and other intangible asset with indefinite useful life of USD26,725,000, which principally relates to the acquisitions of the Redwood Group in 2016 and the Infinitysub Group in 2017 respectively, are subject to an annual impairment review. No impairment charge was recognized against these balances in the current financial year. We identified the impairment of goodwill and other intangible asset with indefinite useful life as a key audit matter because the impairment test and assessment were largely based on management's expectation and estimation of future results of the respective cash generating units. The assumptions used in the impairment test included budgeted gross fee income, the growth rates and the discount rates. Further disclosures on the Group's goodwill and other intangible asset with indefinite useful life are disclosed in note 14 and 15 to the consolidated financial statements.	Our audit procedures included an assessment of the assumptions and methodologies used by the Group in the value in use model. In doing so, we 1) involved our own valuation specialists to assess the appropriateness of the valuation methodologies and key assumptions such as discount rates and terminal growth rates; 2) assessed the reasonableness of cash flow projections and other related assumptions such as the budgeted gross fee income and future management fee rates. We also tested the mathematical accuracy of the cash flow projections; and 3) assessed the adequacy of the Group's disclosure, regarding the impairment of goodwill and other intangible asset with indefinite useful life.

Key audit matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Investment properties	
The investment properties of USD1,189,203,000 were subject to fair value revaluation at the year end. The fair value as at 31 December 2017 was assessed by an independent professional valuer. We identified valuation of investment properties as a key audit matter because investment properties were significant to the consolidated financial statements and the determination of fair value involves significant judgement and estimations. The key assumptions include adopted term yield, reversionary yield and market unit rent for warehouse properties. Further disclosures on the Group's investment properties are disclosed in note 13 to the consolidated financial statements.	Our audit procedures included, among others, the followings: 1) evaluated the independent professional valuer's competence, capabilities and objectivity; 2) involved our own valuation specialists to assess the appropriateness of the valuation methodologies and the reasonableness of the key assumptions provided by management to the independent professional valuer, such as the adopted term yield, reversionary yield and market unit rent by benchmarking the rates against specific property data, comparables and prior year's inputs; and 3) assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuer.

Responsibilities of the directors and those charged with governance for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by those charged with governance in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Guowei Yin.

Shanghai, the People's Republic of China

17 January 2019

ESR Cayman Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	Year ended 31 December 2017 USD'000	2016 USD'000
REVENUE	5	153,289	96,737
Cost of sales		(3,487)	(2,655)
Gross profit		149,802	94,082
Other income and gains	5	284,118	135,145
Administrative expenses		(106,774)	(57,650)
Fair value loss on derivative financial instruments		-	(12,133)
Finance costs	6	(90,612)	(55,895)
Share of profits and losses of joint ventures, net		37,000	36,352
Profit before tax	7	273,534	139,901
Income tax expense	8	(72,340)	(34,888)
Profit for the year		201,194	105,013
Attributable to:			
Owners of the parent		186,625	88,436
Non-controlling interests		14,569	16,577
		201,194	105,013

ESR Cayman Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Profit for the year	201,194	105,013
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	(10,388)	250
Exchange differences on translation of foreign operations	46,344	(38,371)
Share of other comprehensive income/(loss) of joint ventures	16,367	(11,098)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	52,323	(49,219)
Other comprehensive income/(loss) for the year, net of tax	52,323	(49,219)
Total comprehensive income for the year	253,517	55,794
Attributable to:		
Owners of the parent	235,987	40,114
Non-controlling interests	17,530	15,680
	253,517	55,794

ESR Cayman Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	As at 31 December 2017 USD'000	As at 31 December 2016 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	17,360	2,446
Investments in joint ventures	10	313,081	198,225
Financial assets at fair value through profit or loss	11	362,073	140,577
Available-for-sale investments	12	189,816	1,492
Investment properties	13	1,189,203	942,929
Goodwill	14	226,232	210,480
Other intangible assets	15	48,181	25,048
Other non-current assets	16	22,709	49,772
Deferred tax assets	8	10,353	9,309
Total non-current assets		2,379,008	1,580,278
CURRENT ASSETS			
Trade receivables	17	30,448	9,271
Prepayments, deposits and other receivables	18	37,139	22,284
Cash and bank balances	19	600,791	485,545
Total current assets		668,378	517,100
CURRENT LIABILITIES			
Bank loans and other borrowings	20	91,706	75,862
Trade payables, accruals and other payables	21	58,705	30,425
Income tax payable		9,616	1,937
Total current liabilities		160,027	108,224
NET CURRENT ASSETS		508,351	408,876
TOTAL ASSETS LESS CURRENT LIABILITIES		2,887,359	1,989,154

ESR Cayman Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2017

	Notes	As at 31 December 2017 USD'000	2016 USD'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	138,447	109,952
Bank loans and other borrowings	20	741,729	759,403
Redeemable convertible preference shares	23	264,199	246,156
Financial liabilities at fair value through profit or loss	24	13,671	12,592
Other non-current liabilities		22,196	10,662
Total non-current liabilities		1,180,242	1,138,765
NET ASSETS		1,707,117	850,389
EQUITY			
Equity attributable to owners of the parent			
Issued capital	33	2,335	1,963
Perpetual capital securities	35	98,845	-
Equity component of redeemable convertible instrument		63,836	65,548
Other reserves		1,415,546	698,800
		1,580,562	766,311
Non-controlling interests		126,555	84,078
Total equity		1,707,117	850,389

Director

Director

ESR Cayman Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent												
	Issued capital	Share premium *	Statutory reserve*	Merger reserve *	Share option reserve*	Exchange fluctuation reserve *	Available-for-sale investment revaluation reserve*	Retained profits *	Equity component of redeemable convertible instrument	Equity component of warrant instrument	Total	Non-controlling interests	Total equity
	(note 33)	(note 33)	(note 33)	(note 33)	(note 34)	(note 33)							
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 1 January 2016	1,573	246,985	510	56,358	347	(22,566)	-	124,188	-	-	407,395	922	408,317
Profit for the year	-	-	-	-	-	-	-	88,436	-	-	88,436	16,577	105,013
Other comprehensive income for the year:													
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	-	250	-	-	-	250	-	250
Exchange differences on translation of foreign operations	-	-	-	-	-	(37,474)	-	-	-	-	(37,474)	(897)	(38,371)
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(11,098)	-	-	-	-	(11,098)	-	(11,098)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(48,572)	250	88,436	-	-	40,114	15,680	55,794
Issue of shares (note 33)	390	252,789	-	-	-	-	-	-	-	-	253,179	-	253,179
Equity-settled share option arrangements	-	-	-	-	75	-	-	-	-	-	75	-	75
Transferred from retained profits	-	-	189	-	-	-	-	(189)	-	-	-	-	-
Transferred from financial liabilities (note 25)	-	-	-	-	-	-	-	-	-	-	-	41,019	41,019
Transferred from derivative financial instruments (note 22)	-	-	-	-	-	-	-	-	-	26,704	26,704	-	26,704
Issue of redeemable convertible preference shares (note 23)	-	-	-	-	-	-	-	-	38,844	-	38,844	-	38,844
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	26,662	26,662
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(205)	(205)
As at 31 December 2016	1,963	499,774	699	56,358	422	(71,138)	250	212,435	38,844	26,704	766,311	84,078	850,389

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2017

	Attributable to owners of the parent												Non-controlling interests	Total equity
	Issued capital	Share premium *	Statutory reserve*	Merger reserve *	Share option reserve *	Exchange fluctuation reserve *	Available-for-sale investment revaluation reserve*	Retained profits *	Equity component of redeemable convertible instrument	Equity component of warrant instrument	Perpetual capital instrument	Total		
	(note 33)	(note 33)	(note 33)	(note 33)	(note 34)	(note 33)					(note 35)			
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
As at 1 January 2017	1,963	499,774	699	56,358	422	(71,138)	250	212,435	38,844	26,704	-	766,311	84,078	850,389
Profit for the year	-	-	-	-	-	-	-	186,625	-	-	-	186,625	14,569	201,194
Other comprehensive income for the year:														
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	-	(10,388)	-	-	-	-	(10,388)	-	(10,388)
Exchange differences on translation of foreign operations	-	-	-	-	-	43,383	-	-	-	-	-	43,383	2,961	46,344
Share of other comprehensive income of joint ventures	-	-	-	-	-	16,367	-	-	-	-	-	16,367	-	16,367
Total comprehensive income/(loss) for the year	-	-	-	-	-	59,750	(10,388)	186,625	-	-	-	235,987	17,530	253,517
Issue of shares (note 33)	372	472,961	-	-	-	-	-	-	-	-	-	473,333	-	473,333
Equity-settled share option arrangements	-	-	-	-	11,923	-	-	-	-	-	-	11,923	-	11,923
Transferred from retained profits	-	-	43	-	-	-	-	(43)	-	-	-	-	-	-
Redemption of the redeemable convertible preference shares (note 23)	-	-	-	-	-	-	-	-	(1,712)	-	-	(1,712)	-	(1,712)
Issue of perpetual capital securities (note 35)	-	-	-	-	-	-	-	-	-	-	98,845	98,845	-	98,845
Profit attributable to holders of perpetual capital securities	-	-	-	-	-	-	-	(4,125)	-	-	4,125	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	25,417	25,417
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(4,125)	(4,125)	-	(4,125)
Dividend distribution to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(470)	(470)
As at 31 December 2017	2,335	972,735	742	56,358	12,345	(11,388)	(10,138)	394,892	37,132	26,704	98,845	1,580,562	126,555	1,707,117

* These reserve accounts comprise the consolidated other reserves of USD1,415,546,000 (2016: USD698,800,000) in the consolidated statement of financial position.

ESR Cayman Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	Year ended 31 December 2017 USD'000	2016 USD'000
Cash flows from operating activities			
Profit before tax		273,534	139,901
Adjustments for:			
– Depreciation of property, plant and equipment	7	1,242	648
– Amortisation of other intangible assets	7	4,204	3,799
– Fair value gains on financial assets at fair value through profit or loss	5	(32,739)	(26,728)
– Fair value gains on completed investment properties	5	(95,179)	(100,799)
– Fair value gains on investment properties under construction	5	(100,039)	(5,760)
– Fair value loss on derivative financial instruments		-	12,133
– Loss on disposal of items of property, plant and equipment	7	81	74
– Gains on disposal of subsidiaries	5	(38,311)	(32)
– Gains on deemed partial disposal of a joint venture	5	(29)	-
– Finance costs	6	90,612	55,895
– Interest income	5	(2,477)	(502)
– Share of profits and losses of joint ventures		(37,000)	(36,352)
– Equity-settled share option expense	7	11,923	75
– Dividend income	5	(10,679)	-
		65,143	42,352
Increase in trade receivables		(22，390)	(2,262)
Increase in prepayments, deposits and other receivables		(25,653)	(6,419)
Increase/(decrease) in trade and other payables		29,202	(13,084)
Cash flows generated from operations		46,302	20,587
Income tax paid		(12,452)	(88)
Net cash flows generated from operating activities		33,850	20,499

ESR Cayman Limited

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2017

	Notes	Year ended 31 December 2017 USD'000	2016 USD'000
Cash flows used in investing activities			
Purchases of property, plant and equipment	9	(15,957)	(1,561)
Interest received		2,477	502
Additions of other intangible assets	15	(603)	(160)
Additions to investment properties		(134,929)	(68,375)
Prepayments for acquiring land use rights		-	(2,451)
Purchase of financial assets at fair value through profit or loss		(87,651)	(51,248)
Purchase of an available-for-sale investment		(193,848)	-
Prepayments for equity investments at fair value through profit or loss		-	(30,335)
Acquisition of subsidiaries		(133,249)	(40,253)
Disposal of subsidiaries	28	150,500	12,744
Capital injection in joint ventures		(60,407)	(80,470)
Increase in deposits for bidding of land use rights		(4,898)	(830)
Advances to related parties		(594)	(4,992)
Repayments from related parties		492	3,158
Dividend income from financial assets at fair value through profits or loss		4,987	-
Dividend income from available-for-sale investments		879	-
Net cash flows used in investing activities		(472,801)	(264,271)

ESR Cayman Limited

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2017

	Notes	Year ended 31 December 2017 USD'000	2016 USD'000
Cash flows from financing activities			
Interest paid of bank loans and other borrowings		(46,700)	(55,772)
Interest paid of redeemable convertible preference shares	23	(12,996)	-
Proceeds from bank loans and other borrowings	30	330,098	682,395
Repayments of bank loans and other borrowings	30	(294,558)	(344,887)
Release of bank deposits pledged for bank loans		12,958	21,994
Increase in pledged bank deposits for bank loans		(12,981)	(58,255)
Proceeds from issue of shares		473,333	-
Proceeds from issue of redeemable convertible preference shares	23	-	285,000
Redemption of redeemable convertible preference share	23	(12,000)	-
Issue of perpetual capital securities	35	98,845	-
Dividend paid to non-controlling shareholder of a subsidiary		(470)	(205)
Distribution paid to holders of perpetual capital securities		(4,125)	-
Repayments to related parties		(2,167)	(6,649)
Net cash generated from financing activities		529,237	523,621
Net increase in cash and cash equivalents		90,286	279,849
Cash and cash equivalents at beginning of year		411,765	144,319
Effect of foreign exchange rate changes, net		24,937	(12,403)
Cash and cash equivalents at end of year		526,988	411,765
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	600,791	485,545
Pledged bank deposits	19	(73,803)	(73,780)
Cash and cash equivalents as stated in the statement of cash flows		526,988	411,765

1. CORPORATE INFORMATION

ESR Cayman Limited (formerly known as e-Shang Redwood Limited, the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 June 2011. The address of the registered office is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

The Company and its subsidiaries (together, the "Group") are principally engaged in warehousing investment properties development, leasing, property management in the People's Republic of China (the "PRC") and private equity fund investment and management in the PRC, Singapore, Australia, Korea and Japan.

Information about subsidiaries
Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company	Principal activities
Shanghai e-Shang Warehouse Service Co., Ltd.	Mainland China	RMB 109,090,909	100%	Investment and Management
Shanghai Dongjin Industrial Co., Ltd.	Mainland China	RMB 30,000,000	100%	Investment and Management
Dongguan Huishang e-commerce Service Co., Ltd.	Mainland China	USD 20,000,000	100%	Warehousing Business
Langfang Weidu International Logistic Co., Ltd.	Mainland China	USD 24,000,000	100%	Warehousing Business
Xinbin (Shanghai) Business Management Service Co., Ltd.	Mainland China	USD 15,000,000	100%	Warehousing Business
Shanghai Donghe Warehouse Co., Ltd.	Mainland China	RMB 40,000,000	100%	Warehousing Business
Shanghai Moya Warehouse Co., Ltd.	Mainland China	RMB 12,000,000	100%	Warehousing Business
Jiangsu Friend Warehouse Co., Ltd.	Mainland China	RMB 371,320,077	100%	Warehousing Business
Dongguan Hongshang Warehouse Service Co., Ltd.	Mainland China	USD 63,000,000	100%	Warehousing Business
Tianjin Fanbin Warehouse Service Co., Ltd.	Mainland China	USD 29,200,000	100%	Warehousing Business
Hangzhou Mingpu Supply Chain Management Co., Ltd.	Mainland China	USD 30,000,000	100%	Warehousing Business

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)
Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company	Principal activities
Shenyang Yibei Warehouse Services Co., Ltd.	Mainland China	USD 15,000,000	100%	Warehousing Business
Tianjin Mingcheng Logistics Company Limited	Mainland China	USD 12,000,000	100%	Warehousing Business
Wuhan Mingju Supply Chain Company Limited	Mainland China	USD 16,700,000	100%	Warehousing Business
Wuhan Minglong Logistics Company Limited	Mainland China	USD 12,000,000	100%	Warehousing Business
Shanghai Yurun Meat Food Co., Ltd.	Mainland China	RMB 84,000,000	100%	Warehousing Business
Chongqing Yongxiang Market Management Co., Ltd.	Mainland China	USD 40,000,000	100%	Warehousing Business
Shanghai Yita Warehousing Co., Ltd.	Mainland China	RMB 10,000,000	100%	Warehousing Business
Changsha Yizhu Warehouse Services Co., Ltd.	Mainland China	USD 25,000,000	100%	Warehousing Business
Kendall Square Logistics Properties	Korea	KRW 500,000,000	100%	Investment and Management
Redwood Asian Investment, Ltd. ("RAIL")	Cayman Islands	USD1	100%	Investment and Management
ESR Singapore Pte. Ltd.	Singapore	SGD1	100%	Investment and Management
ESR LTD (formerly known as Redwood Group Japan Ltd.)	Japan	JPY 466,970,000	100%	Investment and Management
RCLF LP Ltd.	Cayman Islands	USD100	100%	Investment and Management
Baraki 2 Investor Pte. Ltd.	Singapore	JPY 5,636,926	100%	Investment and Management

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)
Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation	Nominal value of issued ordinary/ registered and share capital	Percentage of equity attributable to the Company	Principal activities
Redwood Fujiidera Investor Ltd.	Cayman Islands	JPY 665,817,064	100%	Investment and Management
Redwood Asian Investments 2 Ltd.	Cayman Islands	JPY 514,285,715	100%	Investment and Management
RW Nankonaka Godo Kaisha	Japan	JPY 50,000	100%	Investment and Management
Sunwood Singapore Limited	Singapore	SGD 49,974,704	95%	Investment and Management
Redwood Phoenix China Investment Fund Pte Ltd ("RPCIF")	Singapore	CNY 88,931,005	100%	Investment and Management
ESR Pte. Ltd. (formerly known as ESR Singapore Sub Pte. Ltd.)	Singapore	SGD1	100%	Investment and Management
Justice Offshore Holdings (BVI) Limited	British Virgin Island	USD1	100%	Investment and Management
Sunrise (BVI) Limited	British Virgin Island	USD1	95.23%	Investment and Management
E-Shang Infinity Cayman Ltd	Cayman Islands	USD 35,243,934	95.23%	Investment and Management
Infinitysub Pte. Ltd. (formerly known as Nabinvest Oxley Singapore Pte. Ltd.)	Singapore	SGD 54,717,680	95.23%	Investment and Management

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for completed investment properties, investment properties under construction, financial assets and liabilities at fair value through profit or loss, available-for-sale investments at fair value that have been measured at fair value. The consolidated financial statements are presented in United States Dollars ("USD") and all values are rounded to the nearest thousand, except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.1 BASIS OF PREPARATION (CONTINUED)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 30 to the financial statements upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Early application of IFRS 15 "Revenue from contracts with customers"

IFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards IAS 18 "Revenue" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Group has elected to early apply IFRS 15, which has been applied consistently in 2016 and 2017.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*[2]
IFRS 17	*Insurance Contracts*[4]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IAS 19	*Planned Amendment, or Settlement*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[3]
Amendments to IFRS 3	*Definition of a Business*[6]
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2020
[4] Effective for annual periods beginning on or after 1 January 2021
[5] No mandatory effective date yet determined but available for adoption
[6] Effective for business combinations for which the acquisition date is on or after 1 January 2020 and to asset acquisition that occurs on or after the beginning of that period

Further information about those IFRSs that are expected to be applicable to the Group is described below. Of those standards, IFRS 9 will be applicable for the Group's financial year ending 31 December 2018 and is expected to have impact upon adoption. That assessment is based on the information currently available to the Group. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

IFRS 9 — Financial Instruments

IFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

IFRS 9 — Financial Instruments (Continued)

(a) Classification and measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The completed version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity investments are required to be measured at fair value through profit or loss with the irrevocable option at the inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

(b) Impairment

Measurement of impairment losses on trade receivables based on an expected credit losses model requires the use of historical data as well as forward looking information. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. A reasonable estimate of that effect will be available once a detailed review has been completed. The Group does not plan to early adopt IFRS 9.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

IFRS 16 – Lease

IFRS 16 replaces IAS 17 Leases, IFRIC-Int 4 Determining whether an Arrangement contains a Lease, SIC-Int 15 Operating Leases - Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 31(a) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately USD1,428,000. Upon adoption of IAS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)
If the Group's ownership interest in a joint venture is reduced, but investment continues to be classified either as a joint venture, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement
The Group measures its completed investment properties, investment properties under construction, derivative financial instruments, available-for-sale investments at fair value and financial assets and liabilities at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Motor vehicles	4 years	10%
Machinery	20 years	0%
Others	3~5 years	10%
Leasehold improvement	5 years	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)
Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties
Investment property comprises completed property and property under construction.

Investment properties comprise completed property under construction or re-development held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease.

Other intangible assets (other than goodwill)
Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of other intangible assets are assessed to be finite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for another intangible asset with a finite useful life are reviewed at least at each financial year end. Other intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other intangible assets (other than goodwill) (continued)

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash- generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The principal estimated useful lives of other intangible assets are as follows:

Category	Estimated useful life	Estimated residual value
Software	3 years	0%
Management contracts	7 years	0%
Trust management rights	indefinite useful lives	0%

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of specific assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Investments and other financial assets</u>

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Interest income and "Dividend income" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)
Financial assets at fair value through profit or loss (continued)
Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments
Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Interest income and "Dividend income" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)
Available-for-sale financial investments (continued)
When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)
Financial assets carried at amortised cost (continued)
The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)
Available-for-sale financial investments (continued)
In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments and redeemable convertible preference shares.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Redeemable convertible instrument

The component of redeemable convertible instrument that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of redeemable convertible instrument, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of a redeemable convertible instrument exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the instruments is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognized as the liability component. Transaction costs are apportioned between the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

Preference shares

Preference share capital issued by certain subsidiaries of the Group is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Preference shares (continued)

Preference share capital issued by certain subsidiaries of the Group is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary, and non-discretionary dividends thereon that are estimated based on profits or net assets of underlying issuers are recognized as fair value gains or losses in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Reclassification of financial liabilities

The nature and risk profile of a financial instrument may change as a result of a change in circumstances. From the date of such change in circumstances, the derivative component of the instruments were reclassified from financial liability to equity (absent of any other terms requiring its continued classification as financial liability).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (continued)
Management fee income (over time)
Management fee income (over time) comprise investment management fees and development management fee.

Investment management fee is derived from the management of real estate investment funds or warehousing projects. Investment management fee derived from the management of real estate investment funds is determined based on the total capital commitment or net equity invested as the case may be for these funds. Investment management fee derived from the management of warehousing projects is determined based on the fair value of properties.

Development management fee is earned on a straight line basis in accordance with the relevant project construction cost across the entire construction period.

Management fee income (point in time)
Management fee income (point in time) comprise leasing fee income and acquisition fee income.

Leasing fee income relates to fees earned in consideration of the investment manager carrying out the leasing services for the real estate investment funds.

Acquisition fee income relates to fees earned in relation to the acquisition of properties by real estate investment funds. The acquisition fee income is determined based on the value of the properties acquired and is recognised when the services have been rendered

Solar energy income
Revenue from the sales of solar energy is recognised when the control of the goods have been transferred to the customer, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Interest income
Interest income is accounted for on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income
Dividend income is recognized when the company's right to receive payment is established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payment, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries which operate in Singapore are required to participate in a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 3.48% and 6.3% has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Foreign currencies</u>
These financial statements are presented in USD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into USD at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into USD at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

<u>Judgement</u>
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Deferred tax liabilities for withholding tax
Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China (A lower withholding tax rate may be applied if there is a tax treaty between China the jurisdiction of the foreign investors). As at 31 December 2017, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in Mainland China. No deferred taxation has been provided for the distributable retained profits of approximately USD1,747,000 at 31 December 2017 (31 December 2016: USD4,904,000), which were derived from the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Judgement (continued)

Whether the presumption that investment properties stated at fair value are recovered through sale or use in determining deferred tax

As of 31 December 2017, deferred tax liabilities amounting to USD123,231,000 (2016: USD97,882,000) has been provided for the revaluation of investment properties. The Group determines that these deferred tax liabilities are recognized based on the presumption that the investment properties stated at fair value are recovered through use rather than sale. Further details are given in note 8.

Consolidation of structured entities

The management makes significant judgment on whether to control and consolidate structured entities. The decision outcome impacts accounting methodologies in use and the financial and operational results of the Group.

When assessing control, the Group considers: 1) the level of control of the investor over the investee; 2) variable returns gained through participation of relevant activities of the investee; and 3) the amount of return that is gained from using its power over the investee.

When assessing the level of control over the structured entities, the Group considers the following four aspects:

1) the degree of participation when establishing the structured entities;
2) contractual arrangements;
3) activities that take place only at special occasions or occurring events;
4) commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision making scope over the structured entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entities.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was USD226,232,000 (2016: USD210,480,000). Further details are given in note 14.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)
Impairment of trade receivables
The provision policy for impairment of receivables of the Group is based on ongoing assessment of the recoverability and the aged analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

Fair value of investment properties
In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;
(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The fair value of completed investment properties and investment properties under construction at 31 December 2017 was USD1,189,203,000 (31 December 2016: USD942,929,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 13 to the financial statements.

Fair value of financial instruments
If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

Deferred tax assets
Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)
Impairment of non-financial assets (other than goodwill)
The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life other intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the investment segment is divided into three main categories: (i) properties that the Group holds on balance sheet, from which the Group derives total return, including rental income and appreciation in value, (ii) co-investments funds and investment vehicles and the REIT the Group manages, from which the Group derives dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments;

(b) the management segment earns profitable and recurring fee income for managing assets on behalf of the Group's capital partners via funds and investment vehicles. The Group's fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target IRR;

(c) the development segment earns development profit through the continued development, construction and sale of investment properties. the Group also derives pro rata earnings and pro rata value appreciation through co-investments in the funds and investment vehicles the Group manages.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, exchange gain, depreciation and amotisation, equity-settled share option expense, gain on deemed partial disposal of a joint venture as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2017			
	Investment USD'000	**Management** USD'000	**Development** USD'000	**Total** USD'000
Segment Revenue	59,021	94,268	-	153,289
—Intersegment sales	-	2,064	-	2,064
	59,021	96,332	-	155,353
Reconciliation:				
Elimination of intersegment sales	-	(2,064)	-	(2,064)
Revenue from continuing operations	59,021	94,268	-	153,289
Operating expenses	(16,683)	(14,897)	(11,793)	(43,373)
Fair value gains on investment properties	95,179	-	100,039	195,218
Changes in fair value of financial instruments at fair value through profit or loss	24,242	-	8,497	32,739
Share of profits and losses of joint venture	10,495	-	26,505	37,000
Gain on disposal of subsidiaries	-	-	38,311	38,311
Dividend income	10,679	-	-	10,679
Segment Result	182,933	79,371	161,559	423,863
Reconciliation:				
Depreciation and amortisation				(5,446)
Exchange gain				4,431
Interest income				2,477
Other unallocated gains				234
Corporate and other unallocated expenses				(49,519)
Finance costs				(90,612)
Equity-settled share option expense				(11,923)
Gain on deemed partial disposal of a joint venture				29
Profit before tax from continuing operations				273,534
Other segment information:				
Depreciation and amortisation				(5,446)
Capital expenditure				330,682
Investments in joint ventures				313,081

Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2016			
	Investment USD'000	**Management** USD'000	**Development** USD'000	**Total** USD'000
Segment Revenue	50,273	46,464	-	96,737
——Intersegment sales	-	2,212	-	2,212
	50,273	48,676	-	98,949
Reconciliation:				
Elimination of intersegment sales	-	(2,212)	-	(2,212)
Revenue from continuing operations	50,273	46,464	-	96,737
Operating expenses	(13,833)	(7,291)	(6,548)	(27,672)
Fair value gains on investment properties	100,799	-	5,760	106,559
Changes in fair value of financial instruments at fair value through profit or loss	2,936	-	23,792	26,728
Share of profits and losses of joint venture	9,201	-	27,151	36,352
Gain on disposal of subsidiaries	-	-	32	32
Segment Result	149,376	39,173	50,187	238,736
Reconciliation:				
Depreciation and amortisation				(4,447)
Exchange gain				916
Interest income				502
Other unallocated gains				408
Corporate and other unallocated expenses				(28,111)
Finance costs				(55,895)
Equity-settled share option expense				(75)
Fair value loss on derivative financial instruments				(12,133)
Profit before tax from continuing operations				139,901
Other segment information:				
Depreciation and amortisation				(4,447)
Capital expenditure				235,651
Investments in joint ventures				198,225

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Mainland China	73,303	62,026
Singapore	10,611	-
Japan	50,441	24,453
Korea	18,934	10,258
	153,289	96,737

The revenue information of continuing operations above is based on the location of the customers.

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with IFRS 8 Operating Segments.

(b) Non-current assets

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Mainland China	1,406,933	1,136,381
Singapore	42,999	-
Japan	254,204	237,238
Korea	112,630	55,281
	1,816,766	1,428,900

The non-current assets information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue:

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Rental income	57,844	50,273
Point in time:		
Management fee income	15,811	11,151
Over time:		
Management fee income	78,457	35,313
Solar energy income	1,177	-
	79,634	35,313
	153,289	96,737

(b) Other income and gains:

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Fair value gains on completed investment properties	95,179	100,799
Fair value gains on investment properties under construction	100,039	5,760
Changes in fair value of financial instruments at fair value through profit or loss	32,739	26,728
Gain on disposal of subsidiaries	38,311	32
Interest income	2,477	502
Dividend income	10,679	-
Exchange gain	4,431	916
Subsidy income	43	-
Gain on deemed partial disposal of a joint venture	29	-
Others	191	408
	284,118	135,145

6. FINANCE COSTS

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Interest expense on bank loans	35,666	24,491
Interest expense on other borrowings	18,339	37,707
Interest on redeemable convertible preference shares (note (i))	41,327	-
Less: Interest capitalized	4,720	6,303
	90,612	55,895

Note:

(i) Interest on redeemable convertible preference shares incudes USD12,960,000 (2016: nil) dividend on redeemable convertible preference shares and USD28,367,000 (2016: nil) impact of equity element of redeemable convertible preference shares.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

(a) Employee benefit expense:

	Year ended 31 December	
	2017	2016
	USD'000	USD'000
Wages and salaries (including directors' and chief executives' recommendation)	37,512	25,333
Equity-settled share option expense (note 34)	11,923	75
Pension scheme contributions	1,843	847
	51,278	26,255

7. PROFIT BEFORE TAX (CONTINUED)

(b) Other items:

	Year ended 31 December	
	2017	**2016**
	USD'000	**USD'000**
Other tax expenses	6,137	4,114
Professional service fee	21,660	11,381
Auditor's remuneration	479	582
Lease expenses	3,729	2,180
Entertainment fee	1,507	1,026
Depreciation of property, plant and equipment	1,242	648
Amortisation of other intangible assets	4,204	3,799
Loss from disposal of property, plant and equipment	81	74

8. TAX

(a) Tax in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2017	**2016**
	USD'000	**USD'000**
Current tax	20,131	643
Deferred tax	52,209	34,245
	72,340	34,888

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the assessable profits arising in Hong Kong during the year.

The subsidiary incorporated in Singapore is subject to Singapore income tax at the rate of 17% (2016:17%) on the profits including those arising from sources outside Singapore and received in Singapore.

The subsidiary incorporated in Korea is subject to Korean income tax at the rate of 24% (2016:24%).

The subsidiaries incorporated in Japan are subject to Japan income tax at the rate of 30.86% (2016:30.86%).

8. TAX (CONTINUED)

According to the Corporate Income Tax ("CIT") Law of the People's Republic of China, the income tax rates for both domestic and foreign investment enterprises in Mainland China are unified at 25% (2016: 25%) during the year.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

A reconciliation of the tax expense applicable to profit before tax using the applicable rates for the regions in which the Group and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2017	**2016**
	USD'000	**USD'000**
Profit before tax	273,534	139,901
Tax at the statutory tax rate	72,917	35,108
Profits attributable to joint ventures	(1,640)	(1,571)
Income not subject to tax	(267)	-
Non-deductible expenses	1,528	1,351
Unrecognised deductible temporary differences	(198)	-
Tax charge	72,340	34,888

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and Group's investment in joint venture. In the opinion of the directors, it is not probable that these subsidiaries and investment in joint venture will distribute such earnings in the foreseeable future.

The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized totalled approximately USD1,694,727 at 31 December 2017 (31 December 2016: USD5,050,627).

8. TAX (CONTINUED)

(c) Deferred tax assets and deferred tax liability:

Deferred tax assets

	Year ended 31 December 2017				
	Losses available for offsetting against future taxable profits USD'000	Employee benefits payable USD'000	Accrued expenses USD'000	Others USD'000	Total USD'000
At 1 January 2017	8,430	448	291	140	9,309
Deferred tax (charged)/credited to the profit or loss during the year	(338)	303	1,072	718	1,755
Disposal of subsidiaries (note 28)	(1,305)	-	-	(16)	(1,321)
Exchange realignment	492	37	51	30	610
Gross deferred tax assets at 31 December 2017	7,279	788	1,414	872	10,353

	Year ended 31 December 2016				
	Losses available for offsetting against future taxable profits USD'000	Employee benefits payable USD'000	Accrued expenses USD'000	Others USD'000	Total USD'000
At 1 January 2016	5,779	492	-	87	6,358
Deferred tax credited/(charged) to the profit or loss during the year	755	(13)	300	60	1,102
Acquisition of subsidiaries	2,290	-	-	-	2,290
Exchange realignment	(394)	(31)	(9)	(7)	(441)
Gross deferred tax assets at 31 December 2016	8,430	448	291	140	9,309

8. TAX (CONTINUED)

(c) Deferred tax assets and deferred tax liability: (continued)

Deferred tax liability

Year ended 31 December 2017

	Fair value adjustments of investment properties USD'000	Gain on fair value change of financial assets at fair value through profit or loss USD'000	Fair value adjustments arising from acquisition of subsidiaries USD'000	Unbilled revenue USD'000	Total USD'000
At 1 January 2017	97,882	1,885	7,665	2,520	109,952
Deferred tax charged/(credited) to the profit or loss during the year	52,328	3,691	(1,417)	(638)	53,964
Acquisition of subsidiaries	-	-	2,207	-	2,207
Disposal of subsidiaries (note 28)	(34,035)	-	-	(897)	(34,932)
Exchange realignment	7,056	78	-	122	7,256
Gross deferred tax liabilities at 31 December 2017	123,231	5,654	8,455	1,107	138,447

Year ended 31 December 2016

	Fair value adjustments of investment properties USD'000	Gain on fair value change of financial assets at fair value through profit or loss USD'000	Fair value adjustments arising from acquisition of subsidiaries USD'000	Unbilled revenue USD'000	Total USD'000
At 1 January 2016	69,949	-	-	2,267	72,216
Deferred tax charged/(credited) to the profit or loss during the year	33,474	1,947	(484)	410	35,347
Acquisition of subsidiaries (note 26)	-	-	8,604	-	8,604
Exchange realignment	(5,541)	(62)	(455)	(157)	(6,215)
Gross deferred tax liabilities at 31 December 2016	97,882	1,885	7,665	2,520	109,952

8. TAX (CONTINUED)

(c) Deferred tax assets and deferred tax liability: (continued)

In accordance with PRC laws and regulations, tax losses could be carried forward for five years to offset against future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group had unused tax losses available for offsetting against future profits in respect of certain subsidiaries of USD15,961,631 as at 31 December 2017 (31 December 2016: USD6,547,378), and the deferred tax assets have not been recognised.

No deferred tax assets have been recognised in respect of these losses due to the unpredictability of future available taxable profit of the subsidiaries to set against the unused tax losses. The available period of the unused tax losses will expire in one to five years for offsetting against future taxable profits.

9. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles USD'000	Machineries USD'000	Leasehold improvements USD'000	Others USD'000	Construction in process USD'000	TOTAL USD'000
31 December 2017						
At 31 December 2016 and at 1 January 2017:						
Cost	298	-	1,429	1,931	-	3,658
Accumulated depreciation	(101)	-	(453)	(658)	-	(1,212)
Net carrying amount	197	-	976	1,273	-	2,446
At 1 January 2017, net of accumulated depreciation	197	-	976	1,273	-	2,446
Additions	-	6,736	8	795	8,418	15,957
Acquisition of subsidiaries(note 26)	-	-	59	120	-	179
Disposals	(79)	-	-	(2)	-	(81)
Disposal of subsidiaries(note 28)	-	-	-	(3)	-	(3)
Depreciation provided during the year	(54)	(341)	(346)	(501)	-	(1,242)
Exchange realignment	8	-	11	85	-	104
At 31 December 2017, net of accumulated depreciation	72	6,395	708	1,767	8,418	17,360
At 31 December 2017:						
Cost	235	6,736	1,585	2,992	8,418	19,966
Accumulated depreciation	(163)	(341)	(877)	(1,225)	-	(2,606)
Net carrying amount	72	6,395	708	1,767	8,418	17,360

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles USD'000	Leasehold improvements USD'000	Others USD'000	TOTAL USD'000
31 December 2016				
At 31 December 2015 and at 1 January 2016:				
Cost	317	581	686	1,584
Accumulated depreciation	(37)	(171)	(272)	(480)
Net carrying amount	280	410	414	1,104
At 1 January 2016, net of accumulated depreciation	280	410	414	1,104
Additions	-	643	918	1,561
Acquisition of subsidiaries (note 26)	-	332	116	448
Disposals	-	-	(74)	(74)
Depreciation provided during the year	(68)	(387)	(193)	(648)
Exchange realignment	(15)	(22)	92	55
At 31 December 2016, net of accumulated depreciation	197	976	1,273	2,446
At 31 December 2016:				
Cost	298	1,429	1,931	3,658
Accumulated depreciation	(101)	(453)	(658)	(1,212)
Net carrying amount	197	976	1,273	2,446

10. INVESTMENT IN JOINT VENTURES

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Share of net assets	283,855	198,223
Goodwill on retaining interests in joint ventures	2	2
	283,857	198,225
Receivables from joint ventures	29,224	-
	313,081	198,225

The receivables from the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the directors, the repayment of these receivables are neither planned nor likely to occur in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

Particulars of the Group's joint ventures are as follows:

Name	Registered share capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
E-Shang Star Cayman Limited ("E-shang Star")	USD 3,831,312	Cayman Islands	25.62%	33.33%	25.62%	Investment holding
Sunwood Star Pte. Ltd. ("Sunwood Star")	USD 433,042,484	Singapore	20.00%	33.33%	20.00%	Investment holding

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Note:

Unanimous agreements with the one and two joint venture investors are required for E-Shang Star and Sunwood Star, respectively.

The following table illustrates the summarized financial information in respect of E-Shang Star adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Cash and bank balance	193,332	144,777
Other current assets	116,565	25,250
Current assets	309,897	170,027
Non-current assets	1,011,081	663,747
Financial liabilities, excluding trade and other payables	(19,405)	(10,891)
Other current liabilities	(253,088)	(60,317)
Current liabilities	(272,493)	(71,208)
Non-current financial liabilities, excluding trade and other payables	(257,175)	(190,700)
Other non-current liabilities	(114,815)	(93,139)
Non-current liabilities	(371,990)	(283,839)
Net assets	676,495	478,727
Proportion of the Group's ownership	25.62%	30.00%
Carrying amount of the investment	173,318	143,618
Revenue	25,205	24,132
Interest income	434	850
Depreciation and amortisation	(2)	(2)
Interest expenses	(9,833)	(7,802)
Tax	(32,098)	(37,271)
Profit	91,393	90,564
Total comprehensive income for the year	100,271	81,868

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarized financial information in respect of Sunwood Star adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 31 December	
	2017	2016
	USD'000	USD'000
Cash and bank balance	35,780	22,256
Other current assets	48,138	5,184
Current assets	83,918	27,440
Non-current assets	729,557	306,216
Financial liabilities, excluding trade and other payables	(188)	(45)
Other current liabilities	(47,143)	(14,945)
Current liabilities	(47,331)	(14,990)
Non-current financial liabilities, excluding trade and other payables	(211,697)	(45,641)
Other non-current liabilities	(1,762)	-
Non-current liabilities	(213,459)	(45,641)
Net assets	552,685	273,025
Proportion of the Group's ownership	20.00%	20.00%
Carrying amount of the investment	110,537	54,605
Revenue	-	-
Interest income	27	14
Interest expenses	(1,145)	(58)
Tax	(2,796)	(1,080)
Profit	50,042	45,915
Total comprehensive income for the year	57,531	43,513

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 USD'000	2016 USD'000
Unquoted equity interests, at fair value (i)	292,982	140,577
Listed equity investments, at market value (ii)	69,091	-
	362,073	140,577

(i) The fair value of these investments is estimated based on the Group's share of the net asset value of the investment funds and associates.

The investment funds and associates were designated at fair value through profit or loss upon the initial recognition on the basis that they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

The Group's investments in associates are summarised below:

Name of associates	Principal activity	Principal place of business	Effective ownership interest 2017 %	2016 %
Redwood Fujiidera Pte. Ltd.	Investment holding	Japan	33.18	33.18
RW Yatomi Pte. Ltd.	Investment holding	Japan	–	20.00
RW Higashi Pte. Ltd.	Investment holding	Japan	35.00	20.00
RW Midori-Ku Pte. Ltd.	Investment holding	Japan	40.00	–
Jiangsu Yitian Warehouse Service Co., Ltd.	Warehousing business	Mainland China	16.25	N/A
Taicang Mingzhan Logistics Company Limited	Warehousing business	Mainland China	16.25	N/A
Shanghai Fengyuan Logistic Co., Ltd.	Warehousing business	Mainland China	16.25	N/A

(ii) Investments of listed equity investments represent the Group's investments in a public company listed on the Stock Exchange of Singapore Stock Exchange, which are quoted in an active market.

The fair value of the listed equity investments is based on their quoted prices as of 31 December 2017 in an active market.

As at 31 December 2017, listed equity investments at market value with a fair value of USD67,920,000 (2016: unquoted equity investments with a fair value of USD22,378,000) had been pledged.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Unquoted equity interests, at fair value	-	1,131
Unquoted equity investments, at cost (i)	8,327	361
Listed equity investments, at fair value (ii)	181,489	-
	189,816	1,492

Notes:

(i) Available-for-sale assets, at cost of the Group relates to unquoted equity investment in a privately-held real estate company in Singapore.

These equity investments are carried at cost less accumulated impairment losses because the fair value cannot be reliably determined. The variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range of reasonable inputs are not sufficiently reliable to determine a fair value.

(ii) Available-for-sale assets, at fair value of the Group relates to quoted equity investment in certain companies listed on the Stock Exchange of Singapore and Australian Stock Exchange, which are quoted in an active market.

During the period, the loss in respect of the Group's listed equity investments recognised in other comprehensive income amounted to USD 10,388,000.

As at 31 December 2017, listed equity investments at market value with fair value of USD15,673,227 had been pledged.

13. INVESTMENT PROPERTIES

	Completed investment properties USD'000	Investment properties under construction USD'000	Total USD'000
At 1 January 2016	648,246	30,076	678,322
Additions	-	72,725	72,725
Acquisition of subsidiaries	122,454	9,633	132,087
Changes in fair values of investment properties	100,799	5,760	106,559
Transfer from investment properties under construction to completed investment properties	25,168	(25,168)	-
Exchange realignment	(44,656)	(2,108)	(46,764)
At 31 December 2016 and 1 January 2017	852,011	90,918	942,929
Additions	25,984	122,652	148,636
Acquisition of subsidiaries	64,029	72,763	136,792
Changes in fair value of investment properties	95,179	100,039	195,218
Transfer from investment properties under construction to completed investment properties	215,635	(215,635)	-
Disposal of subsidiaries (note 28)	(295,690)	-	(295,690)
Exchange realignment	53,534	7,784	61,318
At 31 December 2017	1,010,682	178,521	1,189,203

13. INVESTMENT PROPERTIES (CONTINUED)

(a) All completed investment properties and investment properties under construction of the Group were re-valued at the end of the year by an independent professionally qualified valuer, Beijing Colliers International Real Estate Valuation Co., Ltd. (2016: CBRE Limited), at fair value. Beijing Colliers International Real Estate Valuation Co., Ltd. is an industry specialist in investment property valuation.

In determining fair value, a combination of approaches and methods were used, including the Direct Comparison Method, Term and Reversionary Method, Discounted Cash Flow Method and Residual Method. The Direct Comparison Method is applied based on the market prices of comparable properties. Comparable properties with similar sizes, characters and locations were analyzed, and weighted against all respective advantages and disadvantages to arrive at the fair value of the property. The Term and Reversionary Method takes into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which is then capitalized into the value at an appropriate rate. The Discounted Cash Flow Method measures the value of a property by the present worth of the net economic benefit to be received over the life of the asset. The Residual Method measures the fair value of the property by deducting the estimated development costs including outstanding construction costs, marketing expenses, business taxes and surcharges and developer's profit from the gross development value ("GDV") assuming that it was completed as of the valuation date.

(b) Completed investment properties leased out under operating leases

The Group leases out completed investment properties under operating lease arrangements. All leases run for a period of one to ten years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from completed investment properties are as follows:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Within one year	62,076	59,170
In the second to fifth years, inclusive	179,698	145,518
After five years	40,520	17,807
	282,294	222,495

13. INVESTMENT PROPERTIES (CONTINUED)

(c) At 31 December 2017, certain of the Group's completed investment properties and investment properties under construction with a fair value of USD1,013,791,000 (2016: USD818,048,000) were pledged to secure bank loans and other borrowings granted to the Group as disclosed in note 20.

(d) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1) *USD'000*	Significant observable inputs (Level 2) *USD'000*	Significant unobservable inputs (Level 3) *USD'000*	Total *USD'000*
Warehouse properties	-	136,206	1,052,997	1,189,203

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1) *USD'000*	Significant observable inputs (Level 2) *USD'000*	Significant unobservable inputs (Level 3) *USD'000*	Total *USD'000*
Warehouse properties	-	34,193	908,736	942,929

The movement in fair value measurements within Level 3 during the year are as follows:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
At 1 January	908,736	666,433
Additions	117,109	46,397
Acquisition of subsidiaries	67,147	122,454
Changes in fair value of investment properties	162,967	106,559
Transfer from level 2 to level 3	34,193	11,889
Disposal of subsidiaries	(295,690)	-
Exchange realignment	58,535	(44,996)
Total	1,052,997	908,736

13. INVESTMENT PROPERTIES (CONTINUED)

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

2016	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Warehouse properties	Discounted Cash Flow Method (Term and Reversion Method)	(1) Capitalization rate	5.65-6.25%
		(2) Market unit rent	26.00-35.00 per square meters per month

2017	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Warehouse properties	Discounted Cash Flow Method (Term and Reversion Method)	(1) Capitalization rate	5.50-6.25%
		(2) Market unit rent	23.00-47.00 per square meters per month

Investment properties held by the Group in the consolidated statement of financial position were valued at level 2 and level 3 listed above; the valuation techniques are direct comparison approach and income approach (term and reversion approach), and key inputs are:

(1) Term yield: the higher the term yield, the lower the fair value;

(2) Reversionary yield: the higher the reversionary yield, the lower the fair value;

(3) Market unit rent: the higher the market unit rent, the higher the fair value;

(4) Capitalization rate: the higher the capitalization rate, the lower the fair value.

14. GOODWILL

	USD'000
Cost at 1 January 2016, net of accumulated impairment	-
Acquisition of subsidiaries (note 26)	210,480
Cost and net carrying amount at 31 December 2016	210,480
At 31 December 2016	
Cost	210,480
Accumulated impairment	-
Net carrying amount	210,480
Cost at 1 January 2017, net of accumulated impairment	210,480
Acquisition of subsidiaries (note 26)	15,752
Cost and net carrying amount at 31 December 2017	226,232
At 31 December 2017	
Cost	226,232
Accumulated impairment	-
Net carrying amount	226,232

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to Redwood fee business cash-generating unit and Infinitysub asset management business cash-generating unit for impairment testing.

Redwood assets management business cash-generating unit

The recoverable amount of the Redwood fee business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 17%. The growth rate used to extrapolate the cash flow of the Redwood fee business beyond the five-year period is 3%. This growth rate is based on the average growth rate of the management fee in which the fee business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

14.GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Infinitysub asset management business cash-generating unit
The recoverable amount of CIT unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15%. The growth rate used to extrapolate the cash flow of the Infinitysub asset management business cash-generating unit beyond the five-year period is 3%. This growth rate is based on the average growth rate of the management fee in which the fee business operates. Senior management believes that this growth rate is justified. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

The carrying amount of goodwill allocated to each cash-generating unit of fee business is as follows:

	Redwood assets management business	
	As at 31 December	
	2017	2016
	USD'000	USD'000
Carrying amount of goodwill	210,480	210,480

	Infinitysub asset management business	
	As at 31 December	
	2017	2016
	USD'000	USD'000
Carrying amount of goodwill	15,752	N/A

	Total	
	As at 31 December	
	2017	2016
	USD'000	USD'000
Carrying amount of goodwill	226,232	210,480

Assumptions were used in the value in use calculation of the Group's cash-generating unit for 31 December 2017 and 31 December 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross fee income – The basis used to determine the value assigned to the budgeted gross fee income is the average fee income achieved in the year immediately before the budget year, increased for expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

15. OTHER INTANGIBLE ASSETS

31 December 2017	Software USD'000	Management contracts USD'000	Trust management rights with indefinite useful life USD'000 (note (i))	Total USD'000
Cost at 1 January 2017, net of accumulated amortisation	123	24,925	-	25,048
Additions	603	-	-	603
Acquisition of subsidiaries (note 26)	-	-	26,725	26,725
Amortisation provided during the year	(107)	(4,097)	-	(4,204)
Exchange realignment	9	-	-	9
At 31 December 2017	628	20,828	26,725	48,181

31 December 2016	Software USD'000	Management contracts USD'000	Total USD'000
Cost at 1 January 2016, net of accumulated amortisation	10	-	10
Additions	160	-	160
Acquisition of subsidiaries (note 26)	-	28,681	28,681
Amortisation provided during the year	(43)	(3,756)	(3,799)
Exchange realignment	(4)	-	(4)
At 31 December 2016	123	24,925	25,048

15. OTHER INTANGIBLE ASSETS (CONTINUED)

(i) In January 2017, the Group has acquired Infinitysub Pte. Ltd. ("Infinitysub"), an asset management company and providing trust management and property management service in Singapore. The trust management is expected to continuously contribute to the net cash inflow of the Group.

Impairment testing of other intangible assets – trust management right

The Group's trust management right has indefinite useful lives and is allocated to the Group's Infinitysub Business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of Infinitysub Business cash-generating unit are given in note 14.

16. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Prepayments for equity investments at fair value through profit and loss	5,660	35,995
Prepayments for acquiring land use right	7,271	2,373
Rental income receivables	5,179	7,800
Due from other related parties	2,061	1,920
Rental deposits	994	877
Others	1,544	807
	22,709	49,772

(i) The balances due from other related parties are non-interest-bearing and are normally long-term holding by the group.

17. TRADE RECEIVABLES

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Rental income receivables	5,636	6,757
Management fees due from the joint ventures of the Group	8,004	1,821
Management fees due from funds managed by the Group	16,649	693
Solar energy income receivables	159	-
	30,448	9,271

17. TRADE RECEIVABLES (CONTINUED)

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

All receivables that were neither past due nor impaired relate mainly to receivables from tenants for whom there was no recent history of default.

As at 31 December 2017, the aging of the receivables is within six months. Management of the Group is of the opinion that no provision for trade receivables was necessary as of the balance sheet date.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Deposits for acquisition	6,456	12,618
Due from other related parties	7,507	5,426
Prepayments on behalf of funds	8,563	-
Prepayments to suppliers	1,278	1,372
Dividend receivable	4,813	-
Deductible value added tax	4,917	-
Other receivable	3,605	2,868
	37,139	22,284

(i) Due from other related parties are unsecured, interest-free and payable on demand.

19. CASH AND BANK BALANCES

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Cash and bank balances	526,988	411,765
Pledged bank deposits	73,803	73,780
	600,791	485,545

The Renminbi ("RMB") is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values. All pledged bank deposits at the end of the reporting periods are denominated in USD. Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions.

The deposits represent the amount pledged to secure bank loans (note 20).

20. BANK LOANS AND OTHER BORROWINGS

	As at 31 December					
	2017			2016		
	Effective interest rate (%)	Maturity	USD'000	Effective interest rate (%)	Maturity	USD'000
Current						
Bank - secured	2.4-6.5	2018	91,706	2.4-5.32	2017	75,862
Non-current						
Bank - secured	1.875-6.875	2019-2029	443,646	2.4-6.5	2018-2029	479,692
Other borrowing- secured	7.6	2019	298,083	7.6	2019	279,711
			741,729			759,403
			833,435			835,265

Note:

Analysed into:	As at 31 December	
	2017	2016
	USD'000	USD'000
Bank loans repayable:		
Within one year	91,706	75,862
Over one year	741,729	759,403
	833,435	835,265

At 31 December 2017, certain of the Group's completed investment properties and investment properties under construction with a fair value of USD1,013,791,000 (2016: USD818,048,000), pledged bank deposits with amount of USD73,803,000 (2016: USD73,780,000), listed equity interests at market value with a fair value of USD65,862,864 (2016:nil) and equity interests of the Company and certain subsidiaries were pledged to secure bank loans and other borrowings granted to the Group.

21. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	USD'000	USD'000
Accruals	18,117	8,738
Payables for purchase of property, plant and equipment and investment properties	22,269	9,940
Staff payroll and welfare payables	6,325	3,551
Other tax payable	3,928	2,776
Contract liability	1,383	2,128
Interest payable	3,624	998
Due to related parties	731	972
Due to other shareholder of a fund	1,378	-
Others	950	1,322
	58,705	30,425

The Group's sometimes receive advances from customers when lease period begins or before management service is delivered. The advances from customers are recognised as contract liability until lease period begins or management service is delivered. The amount of contract liability arisen from sales advances as each of reporting period end is expected to be recognised as income within one year.

Due to other related parties are unsecured, interest free and payable on demand.

22. DERIVATIVE FINANCIAL INSTRUMENTS

On 4 December 2013 and 19 August 2015, the Company entered into facility agreements with a third-party Financial Investor A to obtain loans of USD 120,000,000 and USD 100,000,000, respectively. In connection with the above loans, the Company issued warrant instruments to Financial Investor A at total consideration of USD 60,000 with a written call option in respect of the Company's 54,684,608 ordinary shares. Upon issuance and as of 31 December 2015, the warrant instruments were accounted for as financial liabilities designated at fair value through profit or loss. The derivative financial assets arising from the draw-down commitments at determined interest rate had been recognized in the Group's consolidated statement of profit or loss upon its applying of remaining drawdown in March 2016.

On 21 November 2016, the Company fully repaid the loan under Facility Agreement I and Facility Agreement II. The directors are of the view that the derivative component of the instruments, that previously involved an obligation to deliver a variable number of equity instruments, can be determined and become fixed. From the date of such change in circumstances, the derivative component of the instruments was reclassified from financial liability to equity during the year ended 31 December 2016.

On 19 January 2018, Financial Investor A exercised the written call option in respect of the Company's 54,684,608 ordinary shares.

23. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

On 30 December 2016, the Company issued 245,359,810 C Redeemable Convertible Preference Shares to a group of independent third parties for an aggregate consideration of USD 300,000,000.

On 4 January 2017, the Company redeemed 9,814,392 C Redeemable Convertible Preference Shares, amounted to USD 12,000,000.

The C Redeemable Convertible Preferred Shares have a par value of USD 0.001 per share, and carried a coupon rate of 4.5% per annum. The holders are entitled to convert the C Redeemable Convertible Preferred Shares into the Company's ordinary shares based on conversion ratio of 1:1 under certain circumstances.

The preference shares have been split into the liability and equity components as follows:

	Liabilities component USD'000	Equity component USD'000	Total USD'000
At 31 December 2015 and 1 January 2016	-	-	-
Preference shares issued during the year	246,156	38,844	285,000
At 31 December 2016 and 1 January 2017	246,156	38,844	285,000
Redemption of the redeemable convertible preference shares	(10,288)	(1,712)	(12,000)
Interest accretion of the liabilities component (note (i))	41,327	-	41,327
Interest paid	(12,996)	-	(12,996)
At 31 December 2017	264,199	37,132	301,331

Note:

(i) Interest on redeemable convertible preference shares includes USD12,960,000 (2016: nil) dividend on redeemable convertible preference shares and USD28,367,000 (2016: nil) impact of equity element of redeemable convertible preference shares.

24. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2017	2016
	USD'000	USD'000
Loan from a third party	13,671	12,592

Pursuant to the loan agreement dated 28 August 2013 entered into by certain subsidiaries of the Company and a third party Financial Investor B ("Loan Agreement"), and the security over shares agreement dated 28 August 2013 entered into by a Redwood Cayman entity and Financial Investor B ("Security Agreement"), the Group utilized the proceeds from the loan from Financial Investor B to subscribe to interest in Redwood Japan Logistics Fund LP ("RJLF").

Under the Loan Agreement, all distribution proceeds from RJLF relating to the loan that has been invested into RJLF will be passed on to Financial Investor B. As such, the loan from Financial Investor B was designated at fair value through profit or loss upon the initial recognition on the basis that it is structured, managed and has its performance evaluated on a fair value basis, in accordance with the Loan Agreement and the risk management and investment strategies of the Group.

The fair value of the loan from Financial Investor B is estimated based on the Group's share of the net asset value of RJLF at the date of statement of financial position.

25. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interest held by non-controlling interests at the reporting date:	31 December 2017	31 December 2016
Preference shares issued by a subsidiary,		
Redwood Fujiidera Investor Ltd. (i)	86%	86%
Redwood Asian Investments 2 Ltd (ii)	86%	86%
Equity interest held by non-controlling Interests,		
RPCIF (iii)	45%	N/A

Profit/ (loss) for the year allocated to non-controlling interest:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Preference shares issued by a subsidiary		
Redwood Fujiidera Investor Ltd. (i)	5,384	4,619
Redwood Asian Investments 2 Ltd. (ii)	3,530	11,010
	8,914	15,629
Equity interest held by non-controlling interests		
RPCIF (iii)	5,052	-
	13,966	15,629

Accumulated balances of non-controlling interests at the reporting date:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Preference shares issued by a subsidiary,		
Redwood Fujiidera Investor Ltd. (i)	54,704	44,005
Redwood Asian Investments 2 Ltd. (ii)	41,991	35,421
	96,695	79,426
Equity interest held by non-controlling interests		
RPCIF (iii)	26,812	-
	123,507	79,426

25. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2017	Redwood Fujiidera Investor Ltd. USD'000	Redwood Asian Investments 2 Ltd. USD'000	RPCIF USD'000
Revenue	-	-	3,986
Total expense	(19)	(1,269)	(3,398)
Profit for the year	7,327	3,893	19,469
Total comprehensive income for the year	7,327	3,893	19,469
Current assets	1,496	1,171	5,023
Non-current assets	62,878	51,028	84,786
Current liabilities	(537)	(560)	(26,722)
Non-current liabilities	-	(2,553)	(264)
Net cash flow from/(used in) operating activities	12,107	(329)	8,370
Net cash flow from investing activities	2,496	-	2,575
Net cash flow used in financing activities	(14,645)	(8,546)	(9,019)
Net (decrease)/increase in cash and cash equivalents	(42)	(8,875)	1,926

25. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

2016	Redwood Fujiidera Investor Ltd. USD'000	Redwood Asian Investments 2 Ltd. USD'000
Revenue	-	-
Total expense	(7,359)	(2,466)
Profit for the year	9,994	12,850
Total comprehensive income for the year	9,994	12,850
Current assets	12,130	9,957
Non-current assets	41,583	35,564
Current liabilities	(526)	(2,162)
Net cash flow from/(used in) operating activities	9,715	(198)
Net cash flow from investing activities	1,753	-
Net cash flow used in financing activities	(8,814)	(6,858)
Net increase/(decrease) in cash and cash equivalents	2,654	(7,056)

(i) Pursuant to the subscription agreement dated 18 December 2014 entered into by certain subsidiaries of the Company, including Redwood Asian Investment 1 Ltd. ("RAIL 1"), Redwood Fujiidera Investor Ltd., ESR Singapore (the "Manager") and a third party Financial Investor C, ("Subscription Agreement"), RAIL 1 and Financial Investor C have agreed to provide funding to Redwood Fujiidera Investor Ltd. for the purpose of subscribing to interest in Redwood Fujiidera Pte. Ltd.

Prior to 23 September 2016, according to Articles of Association, there is an obligation to Redwood Fujiidera Investor Ltd. to pay distributions to the preference share shareholders should distribution proceeds be received from Redwood Fujiidera Pte. Ltd. On 23 September 2016, Redwood Fujiidera Investor Ltd. made amendments to the Articles of Association and deleted the above obligation. The preference shares meet the definition of equity afterwards. The carrying amount of the preference shares are transferred into non-controlling interests from financial liabilities.

At 31 December 2017, Financial Investor C is a holder of 4,243,902,381 (2016: 3,994,902,381) preference shares issued by Redwood Fujiidera Investor Ltd., a Cayman Island incorporated subsidiary. Financial Investor C is entitled to participate pari passu with ordinary shareholders in dividends as well as distribution upon return of capital on winding up. The dividend distribution is at the discretion of Redwood Fujiidera Investor Ltd. based on the terms of preference shares.

25. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Pursuant to the subscription agreement dated 5 March 2015 entered into by RAIL, Financial Investor C, Redwood Asian Investments 2 Ltd. and ESR Singapore (the "Manager") ("Subscription Agreement"), RAIL and Financial Investor C have agreed to provide funding to Redwood Asian Investments 2 Ltd. for the purpose of, indirectly through Redwood Nanko Pte. Ltd. and its subsidiaries, subscribing to interest in RW Nankonaka TMK.

At 31 December 2017, Financial Investor C is a holder of 3,085,714,286 (2016: 3,085,714,286) Preference A Shares issued by Redwood Asian Investments 2 Ltd., a Cayman Island incorporated subsidiary. Financial Investor C is entitled to participate pari passu with ordinary shareholders in dividends as well as distribution upon return of capital on winding up. The dividend distribution is at the discretion of Redwood Asian Investments 2 Ltd. based on the terms of preference shares.

(iii) Pursuant to the Sales and Purchase Agreement dated 30 June 2017 entered into with RAIL and Phoenix Global Real Estate Secondaries 2009 LP ("PGRE"), RPCIF became a 100% wholly owned subsidiary of RAIL and RAIL indirectly held 65% of Mingyue Logistic Pte Ltd which hold 90% of Guangzhou Mingyue Warehouse Co., Ltd. The purchase consideration amounted to USD 23,436,000.

26. BUSINESS COMBINATION

On 18 January 2017, the Group has, through its wholly-owned subsidiary E-Shang Infinity Cayman Limited ("Infinity"), completed the acquisition of 100% interest in Nabinvest Oxley Singapore Pte. Ltd.("NIOS"), which owns an aggregate 100% interest in Cambridge Real Estate Investment Management Pte. Ltd.("CREIM"), 80% indirect interest in Cambridge Industrial Trust Management Limited ("CITM") , the trust manager of Cambridge Industrial Trust ("CIT"), and 100% indirect interest in Cambridge Industrial Property Management Pte. Ltd. ("CIPM"), the property manager of CIT. (NIOS, CREIM, CITM and CIPM, together "Infinitysub Group")

The acquisition of Infinitysub Group was identified as business combination by the management as Infinitysub Group are fully operational companies as at the acquisition date and providing private equity fund management services. The subsidiaries in Infinitysub group has changed their names as followings:

Company name	Formerly known as
Infinitysub Pte. Ltd. ("Infinitysub")	Nabinvest Oxley Singapore Pte. Ltd.("NIOS")
ESR Investment Management Pte. Ltd. ("ESR IMP")	Cambridge Real Estate Investment Management Pte. Ltd.("CREIM")
ESR Funds Management (S) Limited ("ESR FMS")	Cambridge Industrial Trust Management Limited ("CITM")
ESR Property Management (S) Pte Ltd.("ESR PMS")	Cambridge Industrial Property Management Pte. Ltd. ("CIPM")
ESR-REIT	Cambridge Industrial Trust ("CIT REIT")

The Group has elected to measure the non-controlling interest in Infinitysub Business at the proportionate share of its interest in the acquiree's identifiable net assets.

26. BUSINESS COMBINATION (CONTINUED)

The fair values of the identifiable assets and liabilities of Infinitysub Business as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition USD'000
Property, plant and equipment	9	179
Financial assets at fair value through profit and loss		2,021
Other current assets		850
Prepayments, deposits and other receivables		319
Other intangible assets	15	26,725
Cash and cash equivalents		3,025
Tax payables		(455)
Trade payable, accruals and other payables		(783)
Deferred tax liabilities		(9)
Total identifiable net assets at fair value		31,872
Non-controlling interests		(3,677)
Goodwill on acquisition	14	15,752
Satisfied by cash and cash equivalents		43,947

The fair values of the prepayments, deposits and other receivables as at the date of acquisition amounted to USD319,000. The gross contractual amounts of other receivables were USD319,000.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

Cash consideration	43,947
Cash and cash equivalents acquired	(3,025)
Net outflow of cash and cash equivalents included in cash flows generated in investment activities	40,922

Since the acquisition, Infinitysub contributed USD10,611,230 to the Group's revenue and USD3,726,023 to the consolidated profit for the year ended 31 December 2017.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the period would have been USD153,633,975 and USD201,227,805, respectively.

27. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

Total 30 assets (16 assets in Japan and 14 assets in China) is currently under management of ESR Singapore as its Investment Manager to manage the operations of those funds to earn fee income based on their capital contributed by investors, development costs incurred on real estate projects, or for the acquisition advisory service and brokerage service rendered by ESR Singapore. The assets have been designed so that voting and similar rights are not the dominant factor in deciding how the investing activities should be conducted and are financed through the issue of ownership interest instrument to investors. ESR Singapore did not provide any financial support and has no intention of providing financial or any other support.

RAIL considers its equity investments in 15 investment funds of RAIL to be interests in unconsolidated structured entities. The investments funds are designed so that the management rights are not the dominant factor in deciding who controls them.

The table below describes the type of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Investment funds held through RAIL	To generate investment returns from the funds managed by a related company	Investments in equity and preference share issued by the investment funds
Investment funds held through ESR Singapore	To generate fees from managing contributed capital on behalf of investors, managing project development, rendering acquisition advisory service or brokerage service These vehicles are financed through the issue of ownership interest instrument to investors.	Investment management fees and development fees, acquisition fees and leasing fees

The Group earned a total gross fee income of USD21,060,000 (2016: USD24,459,000) from the real estate funds for the year ended 31 December 2017. As at 31 December 2017, the Group's maximum exposure to loss as a result of acting as the investment manager of the real estate funds is equivalent to the carrying amount of fee income receivable from them amounted to USD5,919,000 (2016: USD1,327,000)and carrying amount of the investments amounted to USD244,255,000.

28. DISPOSAL OF SUBSIDIARIES

On 30 August 2017, E-shang Forture HK Limited, E-shang Sky HK Limited and Action Alpha Limited, wholly-owned subsidiaries of the Company, entered into an Agreement with Shenzhen Jing Shun Rui Fu Equity Investment Partnership ("Invesco Fund"), to dispose the 83.75% interests in three subsidiaries, which are Shanghai Fengyuan Logistics Co., Ltd. (Shanghai Fengyuan), Jiangsu Yitian Warehouse Services Co., Ltd.(Jiangsu Yitian) and Taicang Mingzhan Warehouse Co., Ltd. (Taicang Port).

2017	**USD'000**
Net assets disposed of:	
Cash and bank balances	28,227
Prepayments, deposits and trade and other receivables	23,044
Property, plant and equipment	3
Investment properties	295,690
Deferred tax assets	1,321
Trade payables, accruals, other payables and income tax payable	(16,472)
Bank loans and other borrowings	(120,372)
Deferred tax liabilities	(34,932)
	176,509
Exchange fluctuation reserve	780
Gain on disposal of subsidiaries	38,311
	215,600
Satisfied by :	
Cash	178,727
Investments in financial assets at fair value through profit or loss	36,873
	215,600

28. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net outflow of cash and cash equivalent in respect of the disposal of subsidiaries is as follows:

Net inflow of cash and cash equivalent :	
Cash consideration	178,727
Cash and bank balances disposed of subsidiaries	(28,227)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	150,500

29. ACQUISITION OF SUBSIDIARIES THAT IS NOT A BUSINESS

(a) The Company, through its wholly owned subsidiary, RAIL, entered into share purchase agreement with independent third parties, Phoenix Global Real Estate Secondaries 2009 LP, to acquire the outstanding 100% equity interests of Redwood Phoenix China Investment Fund Pte Ltd ("RPCIF") for an aggregate purchase price of USD23,665,000 in cash. The acquisition of RPCIF was completed on 15 August 2017. After the acquisition, the Company indirectly holds 65% interests of Mingyue Logistic Pte Ltd which hold 90% of Guangzhou Mingyue Warehouse Co..

On the acquisition date, there were no other material assets and liabilities carried by RPCIF other than cash and bank and investment properties. The transaction was accounted for as an asset acquisition.

(b) The Company, through its wholly-owned subsidiary, Shanghai Dongjin Shiye Co., Ltd., entered into share purchase agreement with independent third party, Nanjing Yurun Food Co., Ltd, to acquire 100% equity interests of Shanghai Yurun Food Co., Ltd. ("Shanghai Yurun") for an aggregate purchase price of USD72,763,000 in cash. The acquisition of Shanghai Yurun was completed on 30 September 2017.

On the acquisition date, there were no other material assets and liabilities owned by Shanghai Yurun other than cash and bank and investment properties under construction. The transaction was accounted for as an asset acquisition.

(c) The Company, through its wholly-owned subsidiary, Impulse Singapore Holding Pte.Ltd., entered into share purchase agreement with independent third party, Shanghai Anbixin Investment and Consulting CO. Ltd, to acquire 100% equity interests of Chongqing Yongxiang Market Management Co., Ltd. ("Chongqing Yongxiang") for an aggregate purchase price of USD579,000 in cash. The acquisition of Chongqing Yongxiang was completed on 30 April 2017.

29. ACQUISITION OF SUBSIDIARIES THAT IS NOT A BUSINESS (CONTINUED)

On the acquisition date, there were no other material assets and liabilities owned by Chongqing Yongxiang other than cash and bank and deposit for land acquisition. The transaction was accounted for as an asset acquisition.

	RPCIF USD'000	Shanghai Yurun USD'000	Chongqing Yongxiang USD'000
Net assets acquired:			
Cash and cash equivalents	4,676	-	4
Trade and other receivables	1,711	-	-
Prepayments, deposits and other receivables	745	-	602
Property, plant and Equipment	5	-	-
Investment property	64,029	72,763	-
Bank loans and other Borrowings	(17,003)	-	-
Trade payables, accruals and other payables	(6,389)	-	(27)
Deferred tax liabilities	(2,198)	-	-
Non-controlling interests	(21,911)	-	-
	23,665	72,763	579
	USD'000	USD'000	USD'000
Satisfied by cash	23,665	72,763	579

An analysis of the cash flows in respect of the acquisition of subsidiary is as follows:

Cash consideration	23,665	72,763	579
Cash and cash equivalents Acquired	(4,676)	-	(4)
Net outflow of cash and cash equivalents included in cash flows generated in investment activities	18,989	72,763	575

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in financial liabilities arising from financing activities

	Bank and other loans USD'000	Liabilities component of the redeemable convertible preference shares USD'000	Interest payable USD'000	Other Payable - due to relate d parties USD'000
At 1 January 2017	835,265	246,156	998	972
Changes from financing cash flows	35,540	(23,284)	(46,700)	(2,167)
Changes in investing cash flows additions to investment properties	-	-	(4,720)	-
Acquisition of subsidiaries	17,003	-	-	-
Foreign exchange movements	65,999	-	41	68
Interest expense	-	41,327	49,285	-
Capitalised interest expense	-	-	4,720	-
Repayment of non-current liabilities - due to related parties	-	-	-	1,858
Disposal of subsidiaries	(120,372)	-	-	-
At 31 December 2017	833,435	264,199	3,624	731

31. COMMITMENTS

(a) Operating lease commitments

As lessor

The Group leases out its completed investment properties under operating lease arrangements on terms ranging from one to ten years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 31 December 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as stated in Note 13.

31. COMMITMENTS (CONTINUED)

(a) Operating lease commitments (continued)

As lessee

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Within one year	625	333
After one year but within five years	803	-
	1,428	333

The Group is the lessee in respect of a number of properties and land held under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the leases when all the terms are renegotiated.

(b) Capital commitments

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Contracted, but not provided for investment properties	57,648	70,743
Undrawn capital calls to real estate investment funds	48,503	213,670
	106,151	284,413

32. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Year ended 31 December	
	2017	**2016**
	USD'000	**USD'000**
Associates:		
Management fees income(note(i))	378	-
Advances to associates(note(ii))	335	-
Advances from associates(note(ii))	92	-
Joint ventures:		
Management fees income(note(i))	25,522	17,006
Advances to /(repayments from) joint ventures(note(ii))	594	(3,158)
Repayment to joint ventures (note(ii))	(2,167)	(6,649)
Companies controlled by the directors:		
Advance to the directors (note(ii))	-	4,500
Construction costs(note(iii))	12,126	107
Director:		
(Repayment from)/advance to a related party(note(ii))	(492)	492

32. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year (continued):

Notes:

(i) The Group and its subsidiaries entered into agreements with E-shang Star's and Sunwood Star's operating subsidiaries to charge management fees, which comprised of the followings:

a) Land acquisition fee at certain percentage of the net land cost;
b) Development fee at certain percentage of total budget of project development cost during construction period;
c) Assets management fee at certain percentage of the aggregate costs of the project before stabilization or fair value after stabilization;
d) Leasing fee in respect of each new lease entered into.

(ii) Advance to/(repayment from) related parties and advances from/(repayment to) related parties are unsecured, interest-free and repayable on demand.

(iii) A company controlled by a Director, provides construction for certain subsidiaries. The Directors consider that the construction costs were made according to the conditions similar to those offered to the major suppliers.

33. ISSUED CAPITAL AND RESERVE

	As at 31 December	
	2017	**2016**
	USD'000	**USD'000**
Issued and fully paid:	2,335	1,963

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issue capital USD'000	Share premium account USD'000	Total USD'000
At 1 January 2016	1,572,944,937	1,573	246,985	248,558
Issuance of new shares	389,933,535	390	252,789	253,179
At 31 December 2016 and 1 January 2017	1,962,878,472	1,963	499,774	501,737
At 1 January 2017	1,962,878,472	1,963	499,774	501,737
Issuance of new shares (note a)	371,941,956	372	472,961	473,333
At 31 December 2017	2,334,820,428	2,335	972,735	975,070

Note:

(a) During 2017, the Company issued 371,941,956 ordinary shares in aggregate to a group of shareholders for a total cash consideration of USD473,333,333.

33. ISSUED CAPITAL AND RESERVE (CONTINUED)

	2017 USD'000	2016 USD'000
Share premium	972,735	499,774
Share option reserve	12,345	422
Exchange fluctuation reserve	(11,388)	(71,138)
Available-for-sale investment revaluation reserve	(10,138)	250
Merger reserve	56,358	56,358
Statutory reserve	742	699
	1,020,654	486,365

Details of the Company's share option scheme and the share options issued under the scheme are included in note 34 to the consolidated financial statements.

34. SHARE OPTION PLAN

The Company operates a share option plan (the "Plan") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Plan include the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Plan became effective on 20 April 2017 and, unless otherwise cancelled or amended, will not be terminated while options under Tier 1 ESOP are outstanding. According to the Plan, 100,690,000 options are granted to three shareholders of the Group at the exercise price of USD0.46. These options will be subject to a vesting period starting on 20 April 2017, and ending on the earlier of the date which is:

(i) 5 years from 20 January 2016; or

(ii)3 years from the date of an initial public offerings.

All options under the Plan have been granted by 31 December 2018.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

34. SHARE OPTION PLAN (CONTINUED)

The following share options were outstanding under the Plan during the year:

	Weighted average exercise price USD	Number of options '000
At 1 January 2017	-	-
Granted during the year	0.46	100,069
		100,069

No share options were exercised during the year ended 31 December 2017.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2017 Number of options '000	Exercise price USD Per share	Exercise period
100,069	0.46	20-04-17 to 20-01-26

34. SHARE OPTION PLAN (CONTINUED)

The fair value of the share options granted in 2017 was approximately USD31,304,000 (USD0.31 each), of which the Group recognised a share option expense of approximately USD11,923,000 during the year ended 31 December 2017.

The fair value of equity-settled share options granted during the year, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2017
Dividend yields (%)	0
Volatility	33.68
Risk-free interest rate (%)	2.33
Expected life of options (year)	8.8

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur.

No other feature of the options granted was incorporated into the measurement of fair value.

At 31 December 2017, the Company had 100,069,000 share options outstanding under the Plan. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 100,069,000 additional ordinary shares of the Company and additional share capital and share premium of USD46,032,000 (before issue expenses).

Subsequent to the end of the reporting period, a total of 46,036,000 share options were granted to certain of the Company's directors, senior management and other eligible participants in respect of their services to the Group in the forthcoming year under another Share Option Plan.

At the date of approval of these financial statements, the Company had 149,104,472 share options outstanding under the Plan, which represented approximately 5.49% of the Company's shares in issue as at that date.

35. PERPETUAL CAPITAL SECURITIES

On 7 June 2017, the Company issued subordinated perpetual capital securities with an aggregate net proceeds equivalent to USD98,845,000 (2016: Nil).

The distribution rate is 8.25% per annum, with the first distribution rate reset falling on 7 June 2020 and subsequent resets occurring every three years thereafter. Distributions are payable semi-annually in arrears. Subject to the relevant terms and conditions in the offering circular, the Company may elect to defer making distributions on the perpetual capital securities and is not subject to any limits as to the numbers of times a distribution can be deferred.

The perpetual capital securities may be redeemed at the option of the Company, on 7 June 2020 or upon the occurrence of certain redemption events specified in the conditions of the issuance. The perpetual capital securities are classified as equity instruments and recorded in equity in the Statement of Financial Position.

Movement of the perpetual capital securities is as follows:

	Principal USD'000	Distribution USD'000	Total USD'000
Balance as at 1 January 2017	-	-	-
Issuance of perpetual capital securities	98,845	-	98,845
Profit attributable to holders of perpetual capital instruments	-	4,125	4,125
Distribution to holders of perpetual capital instruments	-	(4,125)	(4,125)
	98,845	-	98,845

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, trade and other payables, other borrowings, cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial assets at fair value through profit or loss, available-for-sale investments, and financial assets included in other non-current assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk
The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 20.

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in the profit before tax as disclosed below.

	Increase/(decrease) in basis points	(Decrease)/ increase in profit before tax USD'000
31 December 2017	100/(100)	(5,352)/5,352
31 December 2016	100/(100)	(4,421)/4,421

Foreign currency risk
During the years ended 31 December 2017 and 31 December 2016, the Group had monetary assets and liabilities, which are denominated in foreign currencies, and were exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, which are denominated in a currency that is not the functional currency of the relevant entities.

The following table details the Group's sensitivity to a 1% increase and decrease in functional currency against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

	Year ended 2017 USD'000
Increase/(decrease) in profit before tax:	
if USD weakens against RMB	965
if USD strengthens against RMB	(965)
if USD weakens against JPY	1,544
if USD strengthens against JPY	(1,544)

	Year ended 2016 USD'000
(Decrease)/increase in profit before tax:	
if USD weakens against RMB	(3,418)
if USD strengthens against RMB	3,418
if USD weakens against JPY	126
if USD strengthens against JPY	(126)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Credit risk arises from cash and bank balances, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 17 and 18.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2017	Less than 3 months USD'000	3 to less than 12 months USD'000	1 to 5 years USD'000	Over 5 years USD'000	Total USD'000
Interest-bearing bank and other borrowings	10,733	95,356	639,879	181,717	927,685
Redeemable convertible preference shares	-	13,648	309,121	-	322,769
Trade and other payables	66,939	-	-	-	66,939
Financial liabilities at fair value through profit or loss	-	-	-	13,671	13,671
Other non-current liabilities	-	-	-	22,196	22,196
	77,672	109,004	949,000	217,584	1,353,260

31 December 2016	Less than 3 months USD'000	3 to less than 12 months USD'000	1 to 5 years USD'000	Over 5 years USD'000	Total USD'000
Interest-bearing bank and other borrowings	16,584	101,407	578,298	203,992	900,281
Redeemable convertible preference shares	-	13,574	306,438	-	320,012
Trade and other payables	21,970	-	-	-	21,970
Financial liabilities at fair value through profit or loss	-	-	-	12,592	12,592
Other non-current liabilities	-	-	-	10,662	10,662
	38,554	114,981	884,736	227,246	1,265,517

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the year end are as follows:

31 December 2017

Financial assets	Financial assets at fair value through profit or loss USD'000	Loans and receivables USD'000	Available-for-sale financial assets USD'000	Total USD'000
Financial assets at fair value through profit or loss	362,073	-	-	362,073
Available-for-sale investments	-	-	189,816	189,816
Trade receivables	-	30,448	-	30,448
Other non-current assets	-	9,778	-	9,778
Financial assets included in prepayments, deposits and other receivables	-	29,405	-	29,405
Pledged bank deposits	-	73,803	-	73,803
Cash and bank balances	-	526,988	-	526,988
	362,073	670,422	189,816	1,222,311

Financial liabilities

	Financial liabilities at fair value through profit or loss USD'000	Financial liabilities at amortised cost USD'000	Total USD'000
Trade and other payables	-	47,069	47,069
Interest-bearing bank and other borrowings	-	833,435	833,435
Other non-current liabilities	-	22,196	22,196
Redeemable convertible preference shares	-	264,199	264,199
Financial liabilities designated at fair value through profit or loss	13,671	-	13,671
	13,671	1,166,899	1,180,570

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the year end are as follows: (continued)

31 December 2016

Financial assets	Financial assets at fair value through profit or loss USD'000	Loans and receivables USD'000	Available-for-sale financial assets USD'000	Total USD'000
Financial assets at fair value through profit or loss	140,577	-	-	140,577
Available-for-sale investments	-	-	1,492	1,492
Trade receivables	-	9,271	-	9,271
Other non-current assets	-	11,404	-	11,404
Financial assets included in prepayments, deposits and other receivables	-	8,294	-	8,294
Pledged bank deposits	-	73,780	-	73,780
Cash and bank balances	-	411,765	-	411,765
	140,577	514,514	1,492	656,583

Financial liabilities

	Financial liabilities at fair value through profit or loss USD'000	Financial liabilities at amortised cost USD'000	Total USD'000
Trade and other payables	-	21,970	21,970
Interest-bearing bank and other borrowings	-	835,265	835,265
Other non-current liabilities	-	10,662	10,662
Redeemable convertible preference shares	-	246,156	246,156
Financial liabilities designated at fair value through profit or loss	12,592	-	12,592
	12,592	1,114,053	1,126,645

38. FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, amounts due from related parties, trade receivables, financial assets included in prepayments, deposits and other receivables, current interest bearing bank and other borrowings, amounts due to related parties, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated based on the Group's share of the net asset fair value of the investment fund. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends and proceeds on subsequent disposal of the shares. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position were the most appropriate values at the end of the reporting periods.

38. FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2017 and 2016:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted financial assets at fair value through profit or loss	Net asset value	Net asset value	2017: USD147,000 to USD62,878,000 2016: USD582,000 to USD41,583,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Unquoted equity interests, at fair value included in available-for-sale	Net asset value	Net asset value	2017: nil 2016: USD1,131,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Unlisted financial liabilities at fair value through profit or loss	Net asset value	Net asset value	2017: USD13,671,000 2016: USD12,592,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Quoted prices In active market (level 1)	Significant unobservable inputs (level 3)	Total
	USD'000	USD'000	USD'000
As at 31 December 2017			
Financial assets at fair value through profit or loss	69,091	292,982	362,073
Available-for-sale investments	181,489	-	181,489
	250,580	292,982	543,562
As at 31 December 2016			
Financial assets at fair value through profit or loss	-	140,577	140,577
Available-for-sale investments	-	1,131	1,131
	-	141,708	141,708

38. FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value (continued)

The movement in fair value measurements within Level 3 during the year are as follows:

Financial assets at fair value through profit or loss – unlisted	**As at 31 December**	
	2017	**2016**
	USD'000	**USD'000**
At 1 January	140,577	-
Total gain recognised in the statement of profit or loss included in other income	24,134	37,417
Acquisition of subsidiaries	-	53,255
Purchases	117,986	51,248
Exchange realignment	10,285	(1,343)
	292,982	140,577

Available-for-sale investments	**As at 31 December**	
	2017	**2016**
	USD'000	**USD'000**
At 1 January	1,131	-
Total gain recognised in the statement of other comprehensive income included in available-for-sale investments changes in fair value	37	114
Acquisition of subsidiaries	-	1,017
Disposal	(1,168)	-
	-	1,131

38. FAIR VALUE HIERACHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities measured at fair value

	Significant unobservable inputs (level 3)
	USD'000
As at 31 December 2017	
Financial liabilities at fair value through profit or loss	13,671
As at 31 December 2016	
Financial liabilities at fair value through profit or loss	12,592

The movement in fair value measurements within Level 3 during the year are as follows:

	As at 31 December	
	2017	2016
	USD'000	USD'000
At 1 January	12,592	11,056
Total gain recognised in the statement of profit or loss included in other income	1,079	1,536
	13,671	12,592

During the year, there were no transfers of fair values measurements into or out of Level 3 for financial liabilities (2016: Nil).

39. SUBSEQUENT EVENTS AFTER THE REPORTING PERIODS

In May 2018, the Group acquired 12% interest in China Logistics Property Holdings with the consideration of USD141 million.

In 2018, a group of investors invested USD346 million in aggregate in the Group.

In June 2018, the Group further acquired 35% interest in Redwood Higashi Pte. Ltd. with the consideration of JPY5,660 million. After the acquisition, the Group holds 70% interest in Redwood Higashi Pte. Ltd. in aggregate and Redwood Higashi Pte. Ltd. becomes the subsidiary of the Group.

In August 2018, the Group acquired 100% interest in Commercial & Industrial Property Pty. Ltd. with the consideration of AUD40 million.

In October 2018, the Group acquired 100% interest in Viva Industrial Trust Management Pte. Ltd. with the consideration of SGD62 million.

In November 2018, the Group submitted a cash offer of AUD1.20 per stapled security to acquire all the stapled securities in PropertyLink Group which it does not already own, by way of an agreed takeover bid.

In December 2018, the Group entered into equity transfer agreements with a fund in which the Group holds a minority interest of approximately 10%, to dispose of each of 99.99% equity interest in five subsidiaries of the Group, for a total consideration of RMB1,008 million.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 17 January 2019.

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