



ESR Australia Closes Out A\$600 Million ESR Australia Logistics Platform II ("EALP II") with an additional A\$158.6million of national acquisitions

- The acquisitions include eight logistics properties in key markets in Melbourne, Brisbane, and Perth, comprising 54,154 sqm of GFA on 160,345sqm of land area.
- The assets are strategically located in high-growth industrial areas, where ESR plans to unlock further value through active asset management.
- With the latest acquisitions, ESR Australia has successfully allocated all capital of EALP II within ten months of its launch.

SYDNEY, 8 September 2022: ESR Australia is maintaining the momentum of its acquisitions for its core plus logistics investment programme EALP II, deploying A\$158.6million to acquire two well-located income-producing portfolios comprising eight assets spanning Brisbane, Melbourne, and Perth.

These most recent acquisitions expand the Fund's core plus strategy and sees the A\$600 million of equity committed to EALP II fully allocated, with the holdings forecast to have a gross built-out value of over A\$1.3 billion.

The portfolios were acquired in quick succession at an attractive blended cap rate of 5.27%. The Portfolio benefits from a weighted average lease expiry (WALE) of approximately 3.4 years, providing the ability to capture rental reversion during the initial hold period.

ESR Australia CEO, Phil Pearce, said: "ESR Australia will continue to scale up our national presence in premium industrial locations. Our acquisition strategy continues to focus on identifying quality, well-connected areas with low supply, where there is a demand for world-class industrial space for customers prioritising amenities and location.

The supply shortage and increasing demand in the industrial markets along the Eastern seaboard are resulting in high expected growth in the Queensland region, and we're delighted to expand our footprint to capitalise on the broad opportunities up north.

With site coverage of only 33.8% across the Portfolio, ample opportunity exists to extract further value through the development of key sites."

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The Brisbane portfolio containing five assets was acquired for A\$61.6 million with an equivalent yield of 5.85% and an average WALE of 2.7yrs. ESR Australia estimates the Portfolio is approximately 5% underlet, providing scope to actively work with tenants to manage lease expiries effectively and backfill vacancies as and when they arise. Three of the acquired assets are in the well-positioned Brisbane suburb of Hemmant, adjoining one another and providing a combined site of 4.5ha, which, over time, will provide redevelopment opportunity.

Approximately 90% of the assets within the Portfolio are located on the Trade Coast, providing ESR Australia with exposure to Brisbane's premier industrial and logistics precinct. Proximity of the assets to the port, airport and motorways, paired with current supply shortage, will enable ESR Australia to capitalise on positive rental growth as they backfill vacancies and welcome new customers.

The assets of the Brisbane portfolio include the following:

Asset	Suburb	Site Area
26-30 Wyuna Court	Hemmant	16,497
739 Progress Road	Wacol	8,101
112 Harvey Street	Eagle Farm	6,091
28 Akuna Court	Hemmant	29,250
58 Anton Road	Hemmant	7,601
	TOTAL	67,540

Pent-up demand in Queensland is expected to continue stimulating further growth. Total take-up in Q4 2021 across Brisbane was 140,665sqm, above the 10-year average of 120,000sqm. The wider Brisbane market currently has a record low vacancy rate of 2%, with buildings above 3,000sqm recording an even lower rate of 1.4%.

The supplementary acquisition, acquired from Harmony Investments, was acquired for A\$97million and comprises a further 92,805 sqm across three sites in Melbourne, Brisbane and Perth. This Portfolio has strong rental reversion potential estimated at 29% across all three assets, equating to a blended 4.9% cap rate.

The assets of the Harmony portfolio include:

Asset	Suburb	Site Area
63-69 Pipe Road	Laverton North	48,803
1425 Boundary Road	Wacol	16,360
178 Railway Parade	Bassendean	30,402
	TOTAL	92,805

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With a scarcity of industrial accommodation, the assets in Brisbane and Melbourne provide ESR Australia with an opportunity to capture upside from active asset management, driving value predominantly through capitalising on market rental reversion. The asset in Perth provides ESR with an income-producing land bank that will provide optionality in the future as Perth's industrial vacancy continues to tighten.

Mr Pearce concluded, "Whilst we expect these growth rates to moderate somewhat as the supply pipeline increases, the pent-up demand is expected to continue, which will provide a stimulus to sustained future growth."

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About ESR Group

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US\$140 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC, with a total AUM of US\$45 billion. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

More information is available at www.esr.com.

For ESR Australia media enquiries, please contact:

Australia:

Erica Moloney
General Manager – Communications
Neue Media
T +61 421 289 036
E erica@neuemediacom.au

Cara Cunningham
Director
Neue Media
T +61 403 522 477
E cara@neuemediacom.au

Asia-Pacific Region:

Kathleen Goh
Senior Director
Group Corporate Affairs
T +6596733069
E kathleen.goh@esr.com