



ESR Australia secures Milestone Portfolio in a landmark deal with Blackstone

- ESR Milestone Partnership (“EMP”) to purchase the Milestone Portfolio (“The Portfolio”) from Blackstone, which is both Australia’s largest ever logistics and general property portfolio transaction
- The \$3.8 billion portfolio consists of 45 high-quality, income-producing assets set over 3.6 million sqm as well as the management rights
- EMP to be a 80/20 Investment Partnership between GIC and ESR
- ESR Australia to acquire Milestone Operations Limited (“MOL”) the manager of The Portfolio
- Post-transaction, ESR Australia will emerge as the third-largest manager of logistics and industrial real estate in Australia by value with AUM of \$7.9 billion, including an additional development pipeline of \$1.6 billion.

SYDNEY, 18 April 2021

EMP and ESR Australia have entered into a binding agreement with Blackstone to acquire the Milestone Portfolio and MOL for a total consideration of \$3.8 billion, subject to merger clearance approval in relevant jurisdictions.

The deal represents the most significant logistics portfolio transaction in Australia and encompasses 45 high-quality, income-producing assets across Australia’s major capital cities. With a land area of 3.6 million sqm and GLA of 1.4 million sqm the site cover is a modest 38% and provides significant scope for further development. The transaction will see ESR emerge as the third-largest logistics landlord in Australia with AUM increasing to \$7.9 billion.

ESR Australia partnered with GIC for the acquisition under a newly formed investment vehicle, EMP, which will see ESR contribute 20% of the equity. Australia and New Zealand Banking Group Limited, MUFG Bank, Ltd., Standard Chartered Bank and United Overseas Bank Limited are providing fully underwritten debt facilities for the acquisition of the real estate assets. NortonRose Fulbright were legal adviser to EMP whilst the underwriting banks were advised by Gilbert & Tobin.

The Portfolio boasts a very high quality customer base consisting of national, multi-national, ASX listed or government clients such as Woolworths, Lineage Logistics, Toll (Japan Post), Daimler Benz, Australia Post, Mazda and WesTrac. The consideration attributed to the Portfolio is expected to provide an initial yield of 4.5% with a 6.9-year Weighted Average Lease Expiry.



ESR Australia CEO, Phil Pearce, described the acquisition as transformative, providing ESR Australia with immediate scale making ESR the third largest owner of logistics real estate in Australia.

“The opportunity to secure such a large portfolio with extremely well-located assets across Adelaide, Brisbane, Melbourne, Perth and Sydney, strategically positions EMP to benefit from the continued growth in demand for warehouse space, particularly as the robust demand for logistics real estate is expected to remain strong due to sustained growth in e-commerce.”

“The portfolio is land rich, with low site coverage of only 38%, providing plenty of opportunity for ESR Australia to redevelop these assets over time,” Mr Pearce said.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Group Co-CEOs, remarked, “We are extremely pleased to deepen our partnership with GIC with this momentous transaction. The acquisition of the Milestone portfolio is a significant leap forward for ESR. This tremendous expansion not only adds immediate scale to our presence in Australia and the region, but also extends our footprint and reaffirms our commitment to one of our highest conviction markets in Asia Pacific.”

“Under Phil’s leadership, we have built a great platform and a top-notch team in Australia. This has been a key factor in ESR’s ability to establish itself as a major mover in this critical market.”

The sale process commenced in January 2021 and was highly competitive with more than ten first-round bids received, subsequently reduced to five parties.

“It is hugely gratifying that the momentous effort put in by everyone on ESR Australia’s team has seen the realisation of this outcome. I wish to thank our team for their hard work and efforts which has enabled us to conclude this transaction with Blackstone. We are looking forward to the MOL team joining our team here in Australia,” Mr Pearce concluded.

The Transaction is subject to Foreign Investment Review Board (FIRB) approval being obtained.

ENDS

About ESR Australia

ESR Australia is a leading manager of industrial and business park real estate with assets under management of more than A\$7.9bn, and a robust pipeline of developments underway. ESR Australia also has established funds management capabilities with long term relationships with global institutional investors.

Their team has deep expertise across the industrial and office real estate markets. A fully integrated service offering is delivered by this inhouse team, achieving positive customer outcomes through tenant-driven development solutions, active asset management, and a strategic approach to property investment management.

ESR Group is the largest Asia-Pacific logistics real estate group by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages. With over US\$29.9bn in assets under management across 20.1m sqm of real estate and land, ESR operates across the region in China, Japan, Singapore, South Korea, India and Australia. ESR has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 November 2019.

For more information on ESR Australia, please visit au.esr.com

Assets Under Management @ 31 December 2020

About GIC

GIC is a leading global investment firm established in 1981 to manage Singapore’s foreign reserves. As a disciplined long-term value investor, GIC is uniquely positioned for investments across a wide range of asset classes, including equities, fixed income, private equity, real estate and infrastructure. Headquartered in Singapore, GIC has investments in over 30 countries and employs over 1,700 people across 10 offices in key financial cities worldwide. For more information on GIC, please visit www.gic.com.sg or [LinkedIn](#).

About Blackstone Real Estate

Blackstone is a global leader in real estate investing. Blackstone’s real estate business was founded in 1991 and has \$187 billion of investor capital under management. Blackstone is one of the largest property owners in the world, owning and operating assets across every major geography and sector, including logistics, multifamily and single-family housing, office, hospitality and retail. Our opportunistic funds seek to acquire undermanaged, well-located assets across the world. Blackstone’s Core+ strategy invests in substantially stabilized real estate globally through regional open-ended funds focused on high-quality assets and Blackstone Real Estate Income Trust, Inc. (BREIT), a non-listed REIT that invests in U.S. income-generating assets. Blackstone Real Estate also operates one of the leading global real estate debt businesses, providing comprehensive financing solutions across the capital structure and risk spectrum, including management of Blackstone Mortgage Trust (NYSE: BXMT).

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