



ESR establishes a A\$138 million mandate in Australia

SYDNEY, 10 December 2019

ESR is pleased to announce a new A\$138 million mandate, ESR Office Partnership IV (EOP IV), as part of its capital recycling program that is helping fund its development pipeline in Australia.

The seed assets for EOP IV include two premium business park properties located in Sydney, with a total value of A\$138 million (equivalent to approximately US\$94 million).

ESR has introduced a number of investors into the mandate, with ESR owning a stake of approximately 11%. This is a continuation of an existing strategy, providing investors with exposure to core-plus business park assets in Sydney and core-plus industrial assets across the east coast of Australia.

Phil Pearce, CEO of ESR Australia, stated, "We're pleased to launch this mandate which satisfies demand from investors for more exposure to business park assets while releasing capital for us to pursue development opportunities." The transfer of wholly-owned assets to the mandate is a part of ESR's asset recycling strategy to efficiently deploy capital for growth acceleration.

"We see business parks as complementary to our core strategy of logistics and industrial property, and we have some good commercial assets, such as those seeding EOP IV, in our portfolio," continued Mr Pearce.

The two assets transferring into EOP IV are:

- 15 Talavera Road, Macquarie Park with a net lettable area of 12,630 sqm and a WALE of 2.6 years.
- 18-20 Orion Road, Lane Cove with a net lettable area of 9,751 sqm and a WALE of 3.1 years.

Low vacancy rates and an undersupply of offices in Australia, particularly in Sydney and Melbourne, have driven rental growth in the office market, making this an appealing sector for investors.

Jeffrey Shen and Stuart Gibson, co-founders and co-CEOs of ESR, said, "Australia is an important part of our APAC growth strategy. EOP IV will provide investors with a further opportunity to benefit from ESR's ability to create value through active asset management, including targeted capital expenditure and asset repositioning programs, leasing, and enhancement of asset sustainability. We believe this new mandate will further bolster our footprint expansion in Australia."



The mandate follows ESR's recent announcement of the A\$350 million ESR Australia Logistics Trust (EALT), which was jointly established with China Merchants Capital Investment Co. Ltd.

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\$1.9 billion, 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 strong 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 A\$33.7 billion in assets under management across more than 15 million sqm of real estate, 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, please visit esr.com.

(Assets Under Management as at 30 June 2019)

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