



ESR Australia launches A\$1 billion ESR Australia Development Partnership

- New develop-to-hold partnership, expanding the relationship with GIC
- Reinforces strong demand by institutional capital for prime logistics assets
- Positions ESR Australia to fund its existing land bank and seek additional land opportunities

SYDNEY, 24 June 2020

ESR Australia is pleased to announce the launch of ESR Australia Development Partnership (EADP), a new Australian develop-to-hold logistics fund. With a target fund size of A\$1 billion, GIC has committed to A\$400 million as the cornerstone investor. EADP will focus on strategically located sites that benefit from infrastructure or proposed infrastructure upgrades in the eastern seaboard cities of Sydney, Melbourne and Brisbane.

EADP is to be seeded with two prime land parcels within the Sydney metropolitan area contracted over the past 12 months as part of ESR Australia's land bank strategy for total consideration of A\$190 million. The seed land parcels will be developed into premium logistics assets with an end value of approximately A\$410 million.

- ESR Horsley Logistics Park is a 20.8 ha site purchased from CSR in late 2019 and destined to become a premium distribution park with a total GFA of circa 110,000 sqm.
- The 8.7 ha ESR Leppington Industrial Estate which is well positioned in South West Sydney and set to benefit from the new Western Sydney Airport and infrastructure upgrades will provide GFA of circa 40,000 sqm of prime warehouse space.

In addition to the seed portfolio, ESR Australia has a number of sites under due diligence which could be purchased by EADP. In line with the vehicle's strategy, these sites feature close proximity to major transport links and are ideally located for distribution centres and last mile logistics facilities.

The launch of EADP along with the recently established ESR Australia Logistics Partnership (EALP), positions ESR Australia well to continue its expansion in the Australian market. These two partnerships will provide ESR Australia with capacity to acquire and develop over A\$3.5 billion of logistics assets.



Since entering the Australian market, ESR Australia has established a strong platform and has enjoyed consistent support from capital partners, in the form of new commitments including:

- ESR Australia Logistics Partnership – an open-end, core-plus investment vehicle;
- ESR Australia Logistics Trust – a closed-end, core-plus investment vehicle; and
- ESR Office Partnership IV – a core-plus, closed-end business park partnership.

These highly successful capital raisings underpin the confidence of investors in both the industrial and logistics property sector in Australia and ESR Australia's ability to deliver on the opportunities available. In turn, ESR Australia is well capitalised to forge ahead with current acquisition and development projects and to actively seek new opportunities.

COVID-19 has not slowed the appetite for high quality logistics assets in Australia. Market analysts predict that ecommerce is set to boom in Australia off the back of the pandemic with a sharp increase in consumers opting for online shopping. With ESR Australia's focus on the logistics property sector, it's likely the business will reap the benefits of this growing demand.

Phil Pearce, CEO of ESR Australia, said, "We continue to see increasing appetite from our capital partners for logistics assets as the asset class looks to benefit from the growth in adoption of online shopping, a trend which we believe will accelerate. The success of our capital recycling and asset light strategy combined with the growing demand for logistics space, and emerging opportunities in adjacent areas such as data centres, makes me very optimistic about the prospects for ESR Australia.

EADP will benefit from gaining access to key development assets and a strong pipeline of opportunities sourced by our team. A key asset in our pipeline is ESR Kemps Creek Industrial Park. This 30 ha site acquired last year is part of the recently rezoned Mamre Road Precinct. The strategic location, major infrastructure upgrades including the new Western Sydney Airport, and population growth, make this a significant logistics site.

The launch of EADP along with the recent establishment of EALP means we are able to offer our capital partners the ability to access the full spectrum of risk adjusted returns via investment in core and development product, which ideally positions our business to capitalise on opportunities as they arise. It's also a strong endorsement of the ESR Australia team."

Jeffrey Shen and Stuart Gibson, Co-founders and Group Co-CEOs of ESR said, "We are very pleased with the momentum, quality of assets and capital relationships that Phil and our Australian team have developed in such a short period of time. The successful capital raisings of EADP and other vehicles, together with the acquisitions of prime sites and projects, has further strengthened ESR's position and ability to provide investors and customers with a distinguished network and portfolio to tap into the secular growth opportunities across the APAC region."

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About ESR Australia

ESR Australia is a leading manager of industrial and business park real estate with assets under management of more than A\$2.5 billion, and a robust pipeline of developments underway. ESR Australia also has established funds management capabilities with long term relationships with global institutional investors.

The 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. Find out more about ESR Australia at au.esr.com.

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\$37 billion in assets under management across more than 17 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 @ 31 December 2019, Australian AUM US\$1.5 billion & Group AUM US\$22 billion – conversion rate @ 25 March 2020)

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