

ESR inks multi-lease agreement with Mitsubishi Fuso Truck and Bus Corporation at ESR Yokohama Sachiura park clearing strategic Higashi Ogishima site for imminent development

Transaction results in accelerated leasing at ESR Yokohama Sachiura DC1 and development commencement of ESR Higashi Ogishima DC1



ESR Higashi Ogishima Building 1

TOKYO/HONG KONG, 26 November 2020 – ESR Cayman Limited (“ESR” or the “Group”; SEHK Stock Code: 1821), the largest APAC focused logistics real estate platform, and Mitsubishi Fuso Truck and Bus Corporation (“MFTBC” or “Mitsubishi Fuso”) have worked closely on a sweeping reorganisation of logistics operations in Kanagawa prefecture, Japan. The landmark transaction has resulted in 2 new lease agreements between ESR and MFTBC and material amendment of a third one. It involves ESR’s 2 leading park projects under development in Tokyo with a combined total build-out area of circa 900,000 sqm and expected completion value in excess of US\$3.0 billion.

Higashi Ogishima: the parties have agreed to relocate MFTBC’s 1,200-truck domestic parking operation away from its historical site in Higashi Ogishima which ESR has controlled since 2016. The 8 Ha site being vacated will now develop as the first phase of ESR Higashi Ogishima park. Construction of the 310,000 sqm Higashi Ogishima DC 1 will commence next month for planned delivery in December 2022.

Featuring the first ever 9-storey warehouse design in Japan as well as advanced sustainability solutions ESR Higashi Ogishima park will set a new benchmark for distribution centre design where optimal integration into the urban fabric and lower environmental impact are achieved without sacrificing building functionality and high-throughput. E-commerce and 3PLs choosing to operate at ESR Higashi Ogishima will enjoy close proximity to Haneda Airport and Tokyo 23 wards as well as a supportive ecosystem with co-location of ancillary services including children's day-care facilities of ESR partner BARNKLÜBB™.

ESR Yokohama Sachiura Park: MFTBC has chosen to continue the domestic distribution of its complete vehicles at ESR's other distribution park in the greater Tokyo area, ESR Yokohama Sachiura. More specifically, MFTBC will operate from the 15 Ha expansion area earmarked by ESR for bespoke logistics space requirements. In addition, Mitsubishi FUSO has reserved 4 Ha of adjacent space to allow the potential future consolidation of other logistics activities into a large built-to-suit facility to be developed by ESR.

In a further endorsement of the ESR Yokohama Sachiura park, MFTBC has also elected to locate additional operations in building DC1. As a result, ESR Yokohama Sachiura park which is halfway into development will achieve 38% pre-completion occupancy across its circa 350,000 sqm net rentable area.



Sachiura Building 1A

Stuart Gibson, Co-founder and Co-CEO of ESR, commented: "This transaction is especially gratifying as it showcases several key capability differentiators of the ESR platform. Evidently it allows our most prized land holding to develop timely into ESR's most advanced product to date. It also helps us cement our relationship with MFTBC who has been a fantastic partner and who is equally interested in bringing innovative solutions to our common set of third-party logistics clients with their superior product line of commercial vehicles."

Arne Barden, Head of Supply Chain Management MFTBC, equally welcomed the transaction observing that "ESR's Yokohama Sachiura site is strategically located in Kanagawa Prefecture and will invigorate

the continuous improvements we implement in our operations” and expressed interest in “further collaborating with ESR on sustainability initiatives aimed at urban logistics”.

Stefan Rödler, Head of Asia-Pacific Real Estate at Mitsubishi Fuso’s parent company Daimler AG, who steered the local teams through the year-long negotiation concluded: “ESR has proven a reliable and creative partner and we look forward to expanding collaboration across other geographies to provide other Daimler business units with the same service level.”

Reflecting on industry trends Mr. Gibson remarked that this transaction vindicates ESR’s longstanding choice of targeting larger and more capital-intensive brownfield sites – including the ones where patient and strategic asset management work is required – in the pursuit of the large multi-tenanted buildings and parks favoured by occupiers and that “the ability of all the ESR teams to bend functional lines to come as one on complex transactions should serve ESR and its investors well in an increasingly competitive market.”

Expanding on Mr. Gibson’s comment, Pierre-Alexandre Humblot, ESR Managing Director Fund Management and Capital, emphasised the central role played by the 2 development funds involved - RJLF2 and RJLF3 - and their investor representatives: “Managing a plain-vanilla development on behalf of 3rd-party capital is difficult enough. Here we had brownfield sites, criss-crossed ownership by vehicles with different mandates and a large corporate tenant suitably expecting their evolving occupancy requirements to be the leading consideration. Our LPs displayed great agility to focus on the bigger picture in a sign that 3rd-party capital is eager and capable of undertaking the more advanced transactions provided they are afforded the most complete insights into the developer thought process.”

The related sale of Higashi Ogishima Phase 1 accelerates RJLF2 divestment while allowing RJLF3 to complete its circa US\$600 million equity deployment just 18 months into its investment period.

About ESR

ESR is the largest APAC focused logistics real estate platform by gross floor area (GFA) and by value of the assets owned directly and by the funds and investment vehicles it manages. Co-founded by its senior management team and Warburg Pincus, ESR and the funds and investment vehicles it manages are backed by some of the world’s preeminent investors including APG, SK Holdings, JD.com, CPP Investments, OMERS, PGGM and Ping An. The ESR platform spans across the People’s Republic of China, Japan, South Korea, Singapore, Australia and India. As of 30 June 2020, the fair value of the properties directly held by ESR and the assets under management with respect to the funds and investment vehicles managed by ESR recorded approximately US\$26.5 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised 18.7 million sqm in total. 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 www.esr.com.

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