

Newly-launched ESR Japan Income Fund set to acquire US\$2.1 billion initial portfolio with a target of US\$10 billion GAV by 2026



ESR Amagasaki Distribution Centre, Osaka



ESR Nanko Distribution Centre 1, Osaka

TOKYO/SINGAPORE/HONG KONG, 21 October 2021 – ESR Cayman Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), the largest APAC focused logistics real estate platform, today announced the initial closing of ESR Japan Income Fund (“JIF”) endowed with US\$750 million of equity commitments. JIF has received a sponsor and cornerstone commitment from a leading Asian sovereign wealth fund with the other three commitments coming from existing investor relationships as well as a new investment partner.

The c. 618,000 sqm seed portfolio of JIF consists of four state-of-the-art assets developed by ESR-managed development vehicles. The portfolio is 99% occupied and the exit to JIF is consistent with the relevant investment and disposition strategies of the ESR development vehicles selling the assets. The seed portfolio will include a stake in ESR’s largest asset to date, the award-winning 388,570 sqm ESR Amagasaki Distribution Centre in Osaka, which boasts a GAV in excess of US\$1.0 billion and is now 98% leased to a diversified rent roll of 16 tenants including leading e-commerce companies since its completion in June 2020. The other seed assets include ESR Toda Distribution Centre and ESR Kawasaki Yako Distribution Centre in Greater Tokyo, and ESR Nanko Distribution Centre 1 in Osaka.

With access to ESR’s robust development pipeline, which includes over 1 million sqm of GFA currently under construction, and the ability to undertake sizable third-party acquisitions, JIF has a defined roadmap to grow to over US\$10 billion over the next five years.

Stuart Gibson, Co-founder and Co-CEO of ESR, welcomed the first closing of JIF as a long-awaited building block in ESR’s core product offering. He remarked: “The secular trends fuelling modern logistics real estate growth are still nascent. Logistics facilities are getting larger and larger to meet the increasingly complex needs of the tenants and we are now seeing US\$1 billion warehousing values. The Japan Income Fund’s scalable structure combines diversification with capacity to meet this increasing capital intensity.”

Expanding on Mr Gibson’s words, Pierre-Alexandre Humblot, ESR Managing Director, Fund Management & Capital, commented: “Institutional investors are becoming increasingly aware of the extremely compelling long-term income potential of well-located urban logistics portfolios. JIF was correspondingly structured to allow ownership in perpetuity and to incentivise sustainable income growth. The fact that JIF was vastly oversubscribed is a testament to the strategy.”

As global institutional investors are seeking to deploy capital in APAC New Economy real estate, ESR is firmly focused on accelerating its growth in size, scale and offerings. In August 2021, ESR announced the plan to acquire 100% of the share capital of ARA Asset Management Limited (“ARA”) (the “Proposed Acquisition”). The Proposed Acquisition, which includes ARA’s captive logistics and data centre specialist LOGOS, will create the largest real asset manager in APAC and the third largest listed real estate investment manager globally with a combined AUM of US\$131 billion. The enlarged ESR Group¹ is powered by the leading New Economy real estate platform with over US\$50 billion² of AUM and which represents approximately 80% of the enlarged Group’s EBITDA. In mid October, the Group also announced the proposed merger of ESR-REIT and ARA LOGOS Logistics Trust – one of the value enhancing steps for the enlarged ESR Group as part of the proposed ARA acquisition. Capitalising on a new era of real estate, which is driven by the rapid rise of e-commerce, digital transformation and the financialisation of real estate, the enlarged ESR Group is uniquely positioned to capture these high-conviction secular growth opportunities.

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 with a growing presence in data centres. ESR and the funds and investment vehicles it manages are backed by some of the world’s preeminent investors including APG, CPP Investments, JD.com, Oxford Properties, PGGM and SK Holdings. The ESR platform spans major economies across the APAC region, including China, Japan, South Korea, Singapore, Australia, India, Vietnam and Indonesia. As of 30 June 2021, 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\$36.3 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 22.6 million sqm in total. Listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2019, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

For more information on ESR, please visit www.esr.com.

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¹ Upon completion of the Proposed Acquisition of ARA

² Enlarged ESR Group data as at 30 June 2021 inclusive of ALOG, adjusted for LOGOS’ acquisition of Moorebank Logistics Park announced on 5 July 2021.