

ESR establishes a A\$138 million mandate in Australia

Augmenting new growth opportunities with capital recycling strategy

SYDNEY/HONG KONG, 10 December 2019 – ESR Cayman Limited (“ESR” or the “Group”; SEHK Stock Code: 1821), the largest Asia-Pacific focused logistics real estate platform, announces a new A\$138 million mandate, ESR Office Partnership IV (“EOP IV”), boosting further its development in Australia. The mandate will offer investors exposure to premium core-plus business park assets in Sydney and core-plus industrial assets in prime locations across the east coast of Australia.

The seed assets for EOP IV include two best-in-class 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%.

Phil Pearce, CEO of ESR Australia, stated, “We are pleased with the launch of EOP IV which is our positive response to the robust demand of investors for more exposure to business park assets while releasing capital for us to pursue further development opportunities.” The transfer of wholly-owned assets to the mandate is an integral part of ESR’s asset recycling strategy to efficiently deploy capital for growth acceleration and solid returns.

“We see the 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 include:

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

Low vacancy rates and undersupply of offices in Australia, particularly in Sydney and Melbourne, have driven rental growth in the office market. Economic growth of the country is expected to gather pace, underpinned by favourable financing conditions and a supportive business climate, with the demand for office space anticipated to continue.

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, coupled with our latest initiatives in the market, will provide investors with an opportunity to benefit from ESR’s ability to create value through active asset management, including targeted capital expenditure and asset repositioning programmes, leasing, and enhancement of asset sustainability. We believe this new mandate will bolster further our footprint expansion drive in the country.”

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

About ESR

ESR is the largest Asia-Pacific 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, Goldman Sachs, CPPIB, OMERS, Ping An and Allianz Real Estate. The ESR platform spans across the People's Republic of China, Japan, South Korea, Singapore, Australia and India. As of June 30, 2019, 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\$20.2 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 15.3 million sq.m 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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