

ESR upsizes development joint venture in Korea with APG and CPP Investments by up to US\$1 billion



Geomdan Logistics Park, currently undergoing development, is part of ESR-KS II which invests in and develops Class A logistics warehouses in Korea.

SEOUL/HONG KONG, 6 July 2022 – ESR Group Limited (“ESR” or the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager, announced today the upsize of its second development joint venture (“ESR-KS II” or the “Joint Venture”) in Korea with APG and Canada Pension Plan Investment Board (“CPP Investments”).

ESR-KS II was established by APG, CPP Investments, and ESR in June 2020 with US\$1 billion as the initial equity allocation and upsize options of bringing the total equity investment capacity to as much as US\$2 billion. ESR-KS II is a development joint venture which invests in and develops a best-in-class industrial and warehouse logistics portfolio in the Seoul and Busan metropolitan areas, the two markets with the largest populations and highest consumer spending in Korea. APG, CPP Investments and ESR agreed in 2020 to initial investments in the Joint Venture in the amounts of US\$350 million, US\$450 million and US\$200 million, representing respective holding of 35%, 45% and 20% in the Joint Venture. The Joint Venture has deployed over 80% of the initial US\$1 billion equity allocation in less than two years with over 1.3 million sqm of class A warehouse space under development.

The Joint Venture is a successor vehicle to the US\$1.15 billion maiden development joint venture (“ESR-KS I”), of the trio in Korea. To date, a total of 3.9 million sqm of class A warehouse space has been developed (or under development) by ESR-KS I and ESR-KS II. ESR-KS I has divested 30% (by total equity) of its completed properties to ESR Kendall Square REIT to date, generating total proceeds of over US\$1.38 billion.

Thomas Nam, CEO of ESR-Kendall Square, ESR’s South Korean platform, said: “Institutional investment in the Korean logistics sector remains very strong as investors continue to rebalance their allocations towards logistics assets against the backdrop of e-commerce acceleration. The upside of ESR-KS II reflects the collective confidence of our capital partners in ESR’s ability to capitalise on this secular opportunity. We will continue to build on our capital management and development strengths to identify quality opportunities and create value for our investors and stakeholders.”

Jeffrey Shen and Stuart Gibson, Co-founders and Co-CEOs of ESR, said: “As the largest real asset manager in APAC, ESR’s integrated fund management platform has provided its capital partners with access to some of the world’s best secular growth opportunities propelled by the positive trends of e-commerce, digital transformation and financialisation of real estate. We are delighted to successfully upsize another vehicle with our longstanding capital partners and extend our track record of delivering consistent strong performance across our APAC portfolio.”

Graeme Torre, Managing Director and APG’s Head of Real Estate, Asia Pacific, said: “The Korean logistics market has shown its resiliency during the pandemic, while demonstrating healthy growth prospects underpinned by robust growth in e-commerce and third-party logistics. We continue to be supportive of the sector, which complements very well with our existing regional logistics exposure and offers very strong risk-adjusted returns that will benefit our pension fund clients and their participants. With ESR’s leading track record and expertise in the local market, as well as their ESG credentials, we are pleased to continue our partnership with ESR and CPP Investments.”

Gilles Chow, Managing Director, Head of Real Estate North Asia at CPP Investments, said: “Korea is one of the most sophisticated internet and e-commerce markets globally. We continue to see strong demand for quality logistics assets in the country. We are delighted to expand our successful partnership with APG and ESR to further capitalise on opportunities in the sector, which we believe will deliver steady, long-term returns for the CPP Fund.”

ESR-Kendall Square, ESR’s South Korean platform, is the largest logistics owner in the country with US\$9.2 billion of assets under management (“AUM”) and 4.3 million sqm of GFA as of 31 December 2021. In addition to its strong track record in fund management and its best-in-class portfolio of institutional-grade logistics assets, its sustainable approach to investments and operations has gained industry-wide recognition. In the 2021 Global Real Estate Sustainability Benchmark (“GRESB”) Assessment, ESR-KS I was named “Regional Sector Leader” in the Development Benchmark, industrial real estate sector. The fund also received the highest possible 5 Green Stars rating, scoring 93 points and topped five “GRESB Development” rankings.

ESR-Kendall Square’s properties have also earned numerous awards and green building certifications, including APAC’s first WELL Gold Certification for logistics real estate and a number of LEED Gold Certifications.

About APG

As the largest pension provider in the Netherlands, APG looks after the pensions of 4.8 million participants. APG provides executive consultancy, asset management, pension administration, pension communication, and employer services. We work for pension funds and employers in the sectors of education, government, construction, cleaning, housing associations, sheltered employment organizations, medical specialists, and architects. APG manages approximately €586 billion (April 2022) in pension assets. With approximately 3,000 employees, we work from Heerlen, Amsterdam, Brussels, New York, Hong Kong, Shanghai, and Beijing. www.apg.nl

About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that manages the Fund in the best interest of the 21 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At March 31, 2022, the Fund totalled C\$539 billion. For more information, please visit www.cppinvestments.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

About ESR

ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140.2 billion in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – *Space and Investment Solutions for a Sustainable Future* – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. More information is available at www.esr.com.

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