

INA, ESR, and Mitsubishi Corporation Join Forces to Unlock the Potential of Indonesia's Modern Warehouse Investment Opportunities

- The venture is investing in three strategically located modern logistics parks developed and managed by ESR.



Artist's impression of Karawang I Logistics Park

Jakarta, 29 May 2023 – Indonesia Investment Authority (INA), ESR Group, and MC Urban Development Indonesia (MCUDI), a 100% subsidiary of Mitsubishi Corporation engaged in real estate development, today announced a strategic partnership, formalized by the signing of transaction documents. This marks the first milestone towards a broader long-term collaboration aimed at unlocking the vast potential of investing in the development of modern warehouse facilities in Indonesia. The venture is investing in three strategically located modern logistics parks, developed, and managed by ESR and the partners are exploring committing to additional joint investments in the sector.

This venture signifies INA's first investment in the real estate asset class and MCUDI's first logistics development in Indonesia, illustrating the appeal of Indonesia's burgeoning real estate and logistics market and its future growth prospects. The demand for modern warehouse facilities in Indonesia is driven by key sectors, including e-commerce, third-party logistics (3PL), and the automotive industries. These sectors contribute significantly to the market's growth, each with unique requirements and demands for storage and distribution spaces. At present, the Indonesian warehouse market, stands at around 29 million sqm, with modern warehouses only accounting for approximately 8% of the total market. Currently, the supply of modern warehouses in Indonesia is 2.7 million sqm, with a healthy absorption rate and an estimated annual growth of 300k sqm¹. This collaboration aims to seize this opportunity to invest in modern warehouse assets and secure a substantial share of this expanding market.

¹ Jones Lang LaSalle, between 2021 – 2024, estimated supply growth.

The three assets that the partnership is investing in have strategic locations in Cikarang and Karawang. The Cikarang assets (Cikarang I Logistics Park and Cikarang II Logistics Park) are situated in key industrial zones: Greenland International Industrial Center (GIIC) and Kawasan Industri Terpadu Indonesia China (KITIC), with expected completion in May and June 2023 respectively. These industrial and business hubs offer excellent connectivity. Additionally, the Karawang asset (Karawang I Logistics Park) is located in the Suryacipta Industrial Estate, an expanding industrial area in Jakarta's Eastern Corridor. Its prime location, near Jakarta and major transportation networks, positions it well to meet the storage and distribution needs of businesses. Construction is set to begin in June 2023.

With nearly 70 affiliated companies in Indonesia, MCUDI brings a wealth of experience in warehouse development business from Japan, the US, and other regions. The collaboration intends to utilize MCUDI's extensive network and expertise to further develop the warehouse market in Indonesia.

Ridha Wirakusumah, CEO of INA, said, "Today marks a significant milestone for INA as we venture into the real estate asset class with a strong focus on Indonesia's modern warehouse facilities. We recognize the immense potential of the logistics market, spurred by the robust growth of the e-commerce, 3PL, and automotive industries in our region. Our strategic partnership with ESR and MCUDI not only aims to meet the evolving needs of the logistics industry but also reflects INA's commitment to sustainable development and economic growth. By harnessing our collective expertise, we are poised to create a significant impact on Indonesia's warehousing landscape and contribute to the country's economic progression."

Building on this strategic partnership, INA, ESR and its subsidiary LOGOS are set to deepen their collaboration. Both parties have expressed enthusiasm to explore the establishment of additional joint mandates for Indonesian development assets and other mutually strategic initiatives. Recognizing the immense potential and dynamism of Indonesia, INA, ESR and LOGOS estimate that a joint initiative could potentially create over USD 1 billion of modern logistics warehouses in the archipelago over the next five years. INA will leverage the expertise of ESR and LOGOS which have been successfully integrated under a unified platform in Indonesia, and other partners to create innovative and environmentally conscious real estate solutions, further amplifying the impact of this collaboration on a regional scale.

Stuart Gibson, ESR Group Co-founder and Co-CEO, said, "As APAC's largest real asset manager, ESR provides capital partners with access to some of the world's best New Economy growth opportunities propelled by rising e-commerce, digital transformation and financialisation of real estate. This partnership marks ESR's commitment to Indonesia, a key market in our expansion strategy for the fast-growing Southeast Asia region. Underpinned by a surging consumer class, the exponential growth of e-commerce, and the Indonesian Government's push for electric vehicles, there is robust demand for high-quality logistics and industrial spaces in the country from both multi-national and domestic customers. We thank INA and MCUDI for their support. Our strategic partnership will accelerate ESR's market reach in Indonesia, bringing together the Group's best-in-class expertise in development, asset management and fund management, as well as INA's and MCUDI's network of customer ecosystem. ESR's growing presence in Indonesia and strong emphasis on ESG will also contribute towards sustainable economic growth in Indonesia through job creation and the development of critical infrastructure."

Loh Meow Chong, ESR's Country Co-Head of Indonesia, added, "Our partnership with INA and MCUDI marks the start of ESR's fund and investment management business in Indonesia, adding two new large institutions to the ESR stable of capital partner relationships which already includes

12 of the top 20 global investors. It is in line with ESR's focus on accelerating our asset-light strategy which enables us to recycle capital into attractive opportunities to further build long-term sustainable growth. With a total AUM of US\$861 million and GFA of 795,000 sqm and the integrated strategic expertise of ESR and LOGOS in Indonesia, we are well-poised to drive best-in-class performance for our capital partners and tenants, deliver our pipeline and seize the many opportunities in the market. We see strong potential to expand our portfolio of modern logistics and industrial assets in Indonesia. Demand is set to grow and will mainly be driven by Indonesia's burgeoning e-commerce sales which is forecasted to almost double from US\$48 billion in 2021 to US\$95 billion in 2025. E-commerce penetration in Indonesia is also expected to lead the rest of the ASEAN region at 40% of total retail by 2026, up from 30% in 2021."²

Kenji Ono, MCUDI's President Director, said, "We are grateful for the opportunity to collaborate with INA and ESR in developing our first logistics project in Indonesia. This milestone marks MCUDI's diversification from our portfolio of residential projects since Mitsubishi Corporation group first entered the Indonesian real estate market in 2015. With the extensive presence of Mitsubishi Corporation group companies in Indonesia, MCUDI understands customers' needs very well and their appreciation for efficient, high-quality logistics facilities. We hope these developments can fulfil the demand for modern warehouses and be the answer to the pain points that many tenants experience from operating in traditional warehouses."

Ono also reassured MCUDI's commitment for Indonesia and added "We are committed to both promoting economic development and creating values for the society through real estate development. Indonesia is one of Mitsubishi Corporation Urban Development Group's market focus in the Southeast Asia region and MCUDI is confident in the country's economic progression through its push on industrialisation and digital transformation. MCUDI will continue to actively engage with both local and multinational partners, and other stakeholders, to grow and serve our mission in Indonesia."

-End-

About INA

² Dymfke Kuijpers, et al, Crafting an omnichannel value proposition for the e-grocery revolution, McKinsey & Company, Dec 2022.

The Indonesia Investment Authority is Indonesia's sovereign wealth fund mandated to increase investment to support the country's sustainable development and build wealth for its future generations. INA conducts investment activities and collaborates with leading global and domestic investment institutions in sectors that strengthen Indonesia's advantages and provide optimal risk-adjusted returns.

For more information, visit: www.ina.go.id.

For further information, please contact:

Putri Dianita
VP of Communication
+62811 9949 387
Putri.dianita@ina.go.id

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 approximately US\$150 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\$46 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. For more information on ESR, please visit www.esr.com

Investor Relations Contact

Marilyn Tan
Group Head, Investor Relations
+65 6601 9361
marilyn.tan@esr.com

Media Contact

Kathleen Goh
Senior Director, Group Corporate Affairs
+65 6972 2192
kathleen.goh@esr.com

About MCUDI

MC Urban Development Indonesia (MCUDI) is a 100% subsidiary of Mitsubishi Corporation engaged in real estate development business in Indonesia. MCUDI was established in 2021 as Mitsubishi Corporation's commitment to the Indonesian real estate market, to further promote economic development and improve quality of life through real estate development by creating values that address societal issues and needs.

For more information on MCUDI, visit: www.m cud-id.com

For more information on Mitsubishi Corporation, visit: www.mitsubishicorp.com

For further information, please contact:

Yusuke Nishiyama
Director, Business Development
+62 21 5795 1474
yusuke.nishiyama@mcud-id.com