

ESR to develop US\$2bn+ multi-phase data centre campus near Osaka CBD, Japan

TOKYO / HONG KONG, 8 April 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, has acquired a key data centre asset in Osaka, Japan. The asset comprises an existing data centre and excess land, totalling a development potential of up to 78MW IT load. It is expected to have a potential GAV of US\$2.15 billion, depending on the ratio of operating model between powered shell and fully fitted configurations for each building.

ESR will utilise the land to build two additional buildings, with a combined IT load of 39MW as power will be available within 12 months. Construction of the first data centre is expected to commence later in 2021, with target completion scheduled in 2023. The existing data centre is expected to be redeveloped into an additional 39MW IT load upon expiry of the current lease. The three buildings together will form a significant data centre campus in the rapidly growing Osaka market, offering customers the opportunity to lease data halls, individual buildings or multiple buildings – providing scalability and flexibility, ideal for both hyperscalers and colocation operators.

Jeffrey Shen and Stuart Gibson, ESR Co-founders and Co-CEOs, remarked, “As a leading provider of new economy infrastructure, it’s a natural move for ESR to expand into the evolving ecosystem of data centres. We are tremendously excited to launch our first data centre new development, creating a campus-style asset with expansion capability in a prime location of a high growth market. This acquisition adds to ESR’s data centre strategic push which now includes exclusivity on land and power approvals to potentially develop over 200MW across major markets in APAC.”

The data centre campus is strategically located in Osaka City, within 10 km of the Osaka CBD where Japan’s major Internet Exchange and other network exchanges attract a large number of cloud on-ramps, telecom companies, leading IT-dependent enterprises and an increasing number of hyperscalers.

As a key gateway to Japan and to Asia, Osaka has established itself to be a major commercial hub, second only to Tokyo. At the heart of the Kansai region which has a population of 24.6 million and GDP of US\$1 trillion, Osaka has a world-class infrastructure and strong demographic fundamentals. The city has a high concentration of pillar industries, including energy, financial services, healthcare and medical services, advanced manufacturing – all of which rely heavily on technologies such as big data, AI, 5G, robotics and IoT, making Osaka a prime location for digital connectivity infrastructure. Today, Osaka is the fifth largest data centre market in the APAC region (outside of China), yet the supply of data centres remains highly limited due to a lack of land and power supply.

The global pandemic has flipped the norms under which businesses operate and the ways people live and spend. Driven by the acceleration of e-commerce and fintech, as well as by the rise of cloud solutions and smart technologies, the demand for data centres has grown exponentially across APAC and the world.

Against this backdrop, ESR is very well positioned to play its part in developing digital infrastructure in APAC: with hyperlocal presence that provides unparalleled access to unique land origination, zoning and power approvals, and development expertise; agility to acquire large land parcels and allocate land bank to warehousing and data centres based on market demand; a large and diverse logistics portfolio for potential redevelopment or repurpose into data centres; and a dedicated team with deep expertise in development and fund management. Data centres offer lucrative opportunities for both operators and investors, and ESR plans to expand its data centre platform with select capital partners.

Commenting on the outlook, Mr. Shen and Mr. Gibson added, “ESR has a proven track record of consistently developing best-in-class assets and delivering top-notch project management for our logistics tenants, many of whom are e-commerce giants who also provide cloud services. Our operational expertise enables us to provide one-stop solutions to cloud service providers and operators across all major economies in APAC, meeting their needs and requirements beyond optimising business performance and growth. The environmental footprint of the online world is coming under constant scrutiny. ESR will work with cloud providers to ensure that carbon reduction and responsible innovation are at the heart of all of ESR’s data centre developments.

With the prevalence of digital transformation in which data is the foundation, ESR will capitalise on this secular trend by leveraging its in-house capability and strategically partnering with operators and capital partners to build a network of data centre infrastructure – in powered shell and fully fitted configurations – in key metros across APAC. This network of agile and scalable data centres will interconnect businesses and individuals in the digital economy, support our customers’ growth in scale and reach, and create value for ESR’s ecosystem of new economy infrastructure.”

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, Oxford Properties and PGGM. The ESR platform spans across the People’s Republic of China, Japan, South Korea, Singapore, Australia and India. As of 31 December 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\$30 billion, and GFA of properties completed and under development as well as GFA to be built on land held for future development comprised over 20 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 Hang Seng Composite Index and MSCI Hong Kong Index.

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

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