



**M&G Real Estate Asia and ESR strengthen partnership in Japan;
announce inaugural logistics development project in Nagoya**

- Partnership to develop a portfolio of logistics properties in Japan
- Portfolio will benefit from long-term structural tailwinds driving growth of Japan's logistics sector



Artist's impression of Nagoya Minami 2 Distribution Centre

SINGAPORE/HONG KONG/JAPAN, 30 August 2022 – M&G Real Estate – part of M&G plc's £76.7 billion (US\$93.2 billion) private assets and alternatives division – and the **ESR Group Limited Limited** ("ESR" or together with its subsidiaries the "ESR Group"; SEHK Stock Code: 1821) announced today a long-term partnership on behalf of M&G Asia Property Fund, to develop a portfolio of logistics properties across Tokyo, Osaka and Nagoya. The partnership, for which M&G intends to deploy up to US\$350 million in equity, is expected to expand the ESR-managed and M&G-invested logistics portfolio to over US\$1 billion in gross asset value.

Commenting on the partnership, Stuart Gibson, Co-founder and Co-CEO at ESR, said: "We are excited to solidify our partnership with this third transaction and the first development in Japan with M&G Real Estate Asia, an experienced global investor in the sector."

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Jing Dong (JD) Lai, CEO & CIO, Asia at M&G Real Estate, said: “The logistics sector is an important part of Japan’s economy and demand for state-of-the-art facilities remains robust. M&G Real Estate has been active in this space for many years and we are delighted to formalise our long standing relationship with ESR, an eminent logistics expert, leveraging on their capabilities to capitalise on strong market demand for high-quality assets in this space.”

This latest project builds on M&G’s expanding relationship with ESR, where both firms have previously teamed up on two other logistics centres in Ichikawa and Nagoya. The two centres, which both hold CASBEE A ratings, adopt an environmentally friendly approach and human centric concept from design to execution, with built in solar energy production and energy efficient equipment as well as childcare facilities and staff lounges.

Tapping into market opportunities with inaugural project - Nagoya Minami 2 Distribution Centre

As the inaugural project under this partnership, M&G will hold a majority interest in the development of a state-of-the-art logistics facility in Nagoya, Nagoya Minami 2 Distribution Centre, on behalf of its M&G Asia Property Fund, with ESR managing the facility upon completion. The project will commence construction in November 2022, with completion targeted for October 2023.

This project is strategically located in Minato-ku, an established industrial area approximately nine kilometres away from Nagoya’s central business district. Minato-ku is an urban ‘infill’ location targeted at tenants who provide ‘speed-to-market’ distribution into central Nagoya.

The 24,545 sqm (7,419 tsubo) site allows for the development of a 4-storey, multi-tenanted facility with a total net rentable area of 44,897 sqm (13,581 tsubo). It enjoys convenient accessibility to major roads including the Funami Interchange, Nagoya Expressway and Isewangan Expressway, and is walking distance to trains and established residential areas.

The project taps into significant opportunities in this market. Greater Nagoya has the highest output of manufactured goods in Japan, underpinning a greater demand for logistics properties. With only 4.9% of the buildings less than 10 years old and constrained supply in the medium to long term, the demand for high quality modern logistics facilities is anticipated to remain high.

Gibson commented, “Our strategy to approach development on both a portfolio and long-term basis aims to hedge against inflation. While our in-house research points to rental growth accelerating in prime locations, it is hard to predict exactly the transmission lag between current higher replacement costs and higher market rents. Hence, it is paramount to have long ownership periods for development strategies to allow for rents to catch up. Several of our ESR Japanese Investment management products have been designed over the past few years to protect investors against the prospect of inflation.”

Richard van den Berg, manager of the M&G Asia Property Fund, said: “This partnership strengthens our commitment to Asia logistics, one of our central investment themes. Increasing our allocation to Japanese logistics will enable us to further diversify our portfolio and provide our investors with a resilient income stream. This build-to-core strategy additionally enhances the overall building age of the portfolio.”

Continued commitment to sustainable development

As part of ESR’s continued commitment to sustainable development alongside M&G’s goals to becoming a fully sustainable business and integrating ESG into its investments and engagement, the project will aim for a “CASBEE A” rating, incorporating relevant innovative design LED lighting and onsite energy generation potential will be maximised through the planned 1,500 kW of rooftop solar energy.

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About M&G Investments and M&G Real Estate

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has £348.9 billion of assets under management (as at 30 June 2022). M&G plc has customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

M&G's real estate business, with £33.5 billion under management (as at 30 June 2022), is a leading financial solutions provider for global real estate investors, has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

For more information, please visit: <https://global.mandg.com/>

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 over US\$140 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.

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

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