

**ESR to develop US\$1.5 billion multi-phase logistics park  
on 505,647 sqm site in Greater Osaka**

*Unveiling one of the largest and most significant urban rezoning developments to accommodate Japan's ongoing expansion in e-commerce driven New Economy real estate*



**TOKYO / HONG KONG, 3 March 2022** – ESR Cayman Limited (“ESR” or the “Company”, together with its subsidiaries as the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager powered by the New Economy, announced its latest multi-phase logistics development in Greater Osaka, building ESR Kawanishi Distribution Centre (“ESR Kawanishi DC”) on a 505,647 sqm (152,958 tsubo) prime site in Japan’s Kawanishi City to further expand its strategic network of institutional-grade New Economy real estate in the metropolitan area.

ESR Kawanishi DC is a two-phase development located in the eastern Hyogo Prefecture of Kawanishi City, sitting at the core of the Greater Osaka Inland logistics market. Phase 1 will consist of two six-storey multi-tenant facilities with GFA of 99,051 sqm (29,963 tsubo) and 98,746 sqm (29,871 tsubo), respectively. The facilities, which are designed to attain CASBEE A rating and the highest standards of building specifications, will feature a host of sustainability and energy-saving elements to minimise environmental footprints. Phase 1 is expected to break ground in July 2023 and scheduled for completion in December 2024, while the two buildings of Phase 2 will commence construction from 2025 onwards.

Stuart Gibson, Co-founder and Co-CEO of ESR, said: “Considering the scale, complexity and location of the development, ESR Kawanishi DC represents one of the largest and most significant urban rezoning projects in recent years, strategically repurposing a prime residential site for logistics and industrial use. This is an extensive master plan that will help fulfil the growing demand for large-scale, cutting-edge logistics space in Greater Osaka, while enabling the area to reinforce its leading position as a global

logistics hub. This development also helps unleash the full potential value of the site and benefit the long-term development of the area by promoting job opportunities, taxable income and thereby economic growth.”

The logistics sector in Greater Osaka continues to demonstrate its strength, propelled by key forces including the continued rise of e-commerce, the automation of logistics operations and transformation of the supply chain ecosystem. In the second half of 2021, the Greater Osaka area recorded the lowest vacancy since 2017 at mid-1.0% and average rent rose by 0.8% year-on-year, led by rent growth in Osaka Inland by 2.3% year-on-year<sup>1</sup>.

ESR has cemented its position as a clear leader in this highly strategic market of Greater Osaka. The Group’s award-winning 388,570 sqm ESR Amagasaki Distribution Centre, which is primely situated in the Greater Osaka Metropolitan area, boasts a GAV in excess of US\$1.0 billion and is now 98% leased to a diversified rent roll of 16 tenants including leading e-commerce companies since its completion in June 2020. This landmark facility represented one of the seed assets of the ESR Japan Income Fund which completed its first close in October 2021 and was endowed with US\$750 million of initial equity commitments from some of the world’s most prominent institutional investors.

A leader and pioneer in Japan’s New Economy real estate, ESR has an unrivalled track record in urban planning and rezoning projects. The Group has also developed some of the most advanced facilities which set new benchmarks for modern logistics infrastructure while protecting and celebrating the heritage of the local communities and surrounding environment.

This rezoning project in Kawanishi City is the latest in a long line of change of land use developments which ESR has undertaken over the past decade. ESR places great emphasis on urban planning and has created a dedicated team that specialises in land rezoning.

“Rezoning takes a long time and requires a very detailed understanding of every step of the lengthy process. In addition, as the planning laws may differ from prefecture to prefecture, it is essential to engage early with the authorities at local and national level,” said Mr. Gibson. Local community engagement is also a vital part of the process. This Kawanishi parcel has been looked at by many developers over the past 20 years, however the local community engagement aspect was never compelling enough to get local community and local economy buy-in. ESR will ensure that local subcontractors, suppliers, plant operators and job vacancies are filled with workers and companies from the nearby communities. Some previous examples of rezoning and community engagement are highlighted below.

- ESR dedicated years of efforts collaborating with the Tokyo University of Science and the office of Mayor of Kuki to transform the former university campus into a 151,501 sqm modern facility, ESR Kuki Distribution Centre. Now a major distribution centre supporting Greater Tokyo’s robust logistics needs, the facility has created 1,500 full time jobs for the local community. Moreover, part of the land was donated to Kuki City for community purposes.
- Preservation of community and environmental heritage is instrumental in all ESR developments. At Phases 1 & 2 of the 800,000 sqm master-planned ESR Yokohama Sachiura Logistics Park, the Group brought a neglected urban forest back to life to protect the natural habitat for a diverse mix of flora

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<sup>1</sup> Source: Japan Logistics Marketbeat Report H2 2021 by Cushman & Wakefield

and fauna, while an old gantry crane will be retained and will be the centrepiece as an architectural icon of the facility and the community.

Mr. Gibson added: “Sustainability, technology and innovation are shaping the future of New Economy real estate. We make the best use of our experiences and expertise to go beyond the provision of prime facilities for not only our customers and the logistics market but also the local communities in which we operate. Through the creation and operation of best-in-class properties like ESR Kawanishi DC and our other landmark developments in Yokohama Sachiura, Kuki, Fujiidera, Amagasaki, to name a few, we are proud to be able to make meaningful contribution and positive impact for the people and communities that we connect with.”

ESR has emerged as APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally with a gross AUM of US\$140 billion<sup>2</sup> following its recent acquisition of ARA Asset Management. As the leading New Economy real estate platform, which tops the APAC region with an AUM of US\$59 billion<sup>3</sup>, ESR continues to enhance its offerings spanning real estate development products and investment solutions with robust growth potential.

### **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 billion in gross 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. With 14 listed REITs managed by the Group and its associates, 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](http://www.esr.com).

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<sup>2</sup> Based on management estimates for the Group (including the AUM of associates – Cromwell and Kenedix) as of 31 December 2021

<sup>3</sup> Based on management estimates for the Group as of 31 December 2021