

## ESR-Allianz Real Estate JV to invest \$1 billion in India

Venture to develop large-scale logistics, industrial facilities in 8 key cities



*Warburg Pincus-backed ESR is one of Asia's largest developers and operators in logistics and warehousing. Photo: Bloomberg*

Bengaluru: Asia Pacific-focused logistics developer e-Shang Redwood (ESR) has entered into a strategic partnership with global asset manager Allianz Real Estate to invest around \$1 billion, including debt, into India's rapidly growing logistics and industrial property market.

The joint venture will focus on developing large-scale logistics and industrial facilities in eight key cities—Mumbai, Pune, Chennai, Delhi, Ahmedabad, Kolkata, Bengaluru and Hyderabad—with an opportunistic approach to investments in other markets in India, the companies announced on Friday.

In addition, the investment programme will also identify opportunities to acquire assets in these cities.

"We are delighted to partner with Allianz, an existing strategic partner of ESR in other geographies. This JV with a leading institutional investor who has deep experience in Asia marks a key milestone in our regional growth plan," Charles de Portes, co-founder and president of ESR, said in a statement.

The proposed investment programme will start with an immediate equity commitment of \$225 million, to be funded on a 50:50 basis by Allianz and ESR. This would subsequently be converted into a \$1 billion assets under management platform. The programme's strategy is to leverage structural trends in tier one and selective tier two cities to build a long term, cash flow-positive logistics portfolio by acquiring a blend of develop-to-core, forward purchases, and stabilized or stabilizing assets.

On Thursday, ESR kicked off its first project in India, an industrial and logistics park in Chakan MIDC (Maharashtra Industrial Development Corporation), Pune.

Warburg Pincus-backed ESR is one of Asia's largest developers and operators in logistics and warehousing, formed by the merger of e-Shang Cayman Ltd and Redwood Group Asia Pte. Ltd in 2016. Based out of Hong Kong and Singapore, it owns and manages around 7.3 million sq. m of assets in China, Japan, Singapore and South Korea.

Alongside the growth in the e-commerce sector in the country, the increasing internet and smartphone penetration, growing acceptance of online payments and favourable demographics will continue to propel e-commerce growth, spurring demand for modern logistics facilities, ESR said.

"India's logistics sector is coming of age. The sector is benefitting from a lot of favourable trends, such as stellar consumption patterns, continued infrastructure spending, increasing transparency and the nation-wide implementation of a uniform indirect tax system," said Rushabh Desai, Asia-Pacific CEO of Allianz Real Estate.

In India, the warehousing and logistics sector attracted investments of more than a billion dollars in 2017 and is witnessing a huge interest in building businesses around steady rental income. Canada's Brookfield Asset Management Inc. is planning to enter the industrial real estate space, while Sydney's LOGOS Group and Assetz Property Group from Singapore partnered in 2017 and are scouting for land. Embassy Industrial Parks Pvt. Ltd, Ascendas-Singbridge Group and Mahindra Lifespace Developers Ltd also plan to build industrial parks and clusters.

Link: <https://www.livemint.com/Companies/NycgSJYAhz54QAUzi604hK/ESR-Allianz-to-invest-1-billion-in-logistics-industrial-p.html>