

# Global logistics growth

## Overview

E-commerce penetration, evolving supply chains and societal changes in consumption, have driven the growth in the industrial and logistics sector. Oxford has embraced this opportunity with speed and conviction, resulting in strong portfolio growth and operational resiliency in one of our high conviction sectors.

Flexibility is a critical component of our strategy. This fragmented asset class benefits most from expertise and specialized local knowledge. We evaluate each market and adapt our approach, buying and developing properties, buying platforms and establishing JV's with likeminded companies. Today, our portfolio includes big box warehouses, light industrial and niche opportunities, like cold storage. All located in major consumption and critical supply chain nodes across North America, Europe and Asia-Pacific.

Our ownership structure gives us access to permanent committed capital. This, combined with our deep expertise as an owner, operator and developer, are key enablers of our growth. Since 2018, our invested capital in industrial and logistics has grown to 36% of total equity, with a global ~90 million square foot portfolio in 25 countries.

## The details

In 2018, we closed on our first major foray into the industrial and logistics sector outside of Canada with a minority, indirect fund investment in GLP EDP. In 2019, we acquired controlling interest in IDI Logistics, one of the USA's leading developers and managers of logistics real estate, alongside a strategic investment partner. This single transaction immediately gave Oxford exposure to 45 million square feet of high-quality industrial and logistics assets and a development pipeline of 15 million square feet. IDI has subsequently deployed over US\$2 billion into the development of new logistics infrastructure.

Oxford was the cornerstone investor in ESR's 2019 IPO, the largest Asia-Pacific-focused real estate logistics platform with operations in China, South Korea, Japan, India, Singapore and Australia. In total, Oxford has invested over CAD\$1 billion of equity into the ESR platform to help fund its growth.



Our US\$360 million investment in late 2020 into Lineage Logistics, the world's largest temperature-controlled logistics provider, was part of our strategy to capitalize on the increasing demand for cold-storage infrastructure. During the same year, we acquired a 15-acre site in Heathrow, London with plans to redevelop the site to provide a market-leading, purpose-built prime logistics space. In 2021, we formed a joint venture partnership to acquire and develop one of the UK's largest logistics sites, with a development pipeline of up to 8 million square feet and a new strategic rail interchange

Since the 2021 acquisition of M7 Real Estate, Oxford has leveraged the M7 infrastructure and strategically expanded its European I&L deployment, with the portfolio now boasting exposure to six key markets across Europe – UK, France, Germany, the Netherlands, Denmark and Spain – and across the supply chain catering to a region of 300m+ consumers; bulk distribution, urban infill and retail warehousing. The income streams are well diversified with over 100 occupiers and there is also significant opportunity to drive further value through tailored capex and leasing strategies to modernise the properties and improve occupancy. M7's current AUM is about €6.9 billion with ambitions to grow it to €12 billion in the next two years, through a combination of Oxford balance sheet deployment and growth of third-party capital management. M7's management team strengthens our collective global expertise in considering future investment into best-in-class logistics platforms.

Our Canadian industrial and logistics business currently comprises over 15 million square feet and CAD\$3.8 billion of assets under management, with a development pipeline of up to 6 million square feet in four high growth areas. We continue to innovate, developing the first multi-storey facility in Canada and are currently doing a speculative development which incorporates solar into the base building infrastructure.

We believe the long-term outlook for the US industrial market is favourable, so to complement the US\$3.5 billion acquisition of IDI Logistics, we've continued our expansion into the U.S. market through a joint venture with EverWest Real Estate Investors where Oxford has acquired and developed about US\$1 billion of infill, small bay properties across the U.S.

Additionally, we have diversified the portfolio by investing in over US\$456 million of debt backed by U.S. industrial assets. Our ability to invest in debt unlocks access to transactions and deals outside of just equity participation.

We put sustainability at the fore of our portfolio. We have partnered with SSE Energy Solutions for a major electric vehicle charging network across the UK, ensuring 20 of our retail warehousing parks across the UK will have ultra-rapid charging capabilities. A 1.5 million square feet ground up development in Canada incorporates solar panels into the base building infrastructure, enabling occupiers to access clean energy from the day they move in. We have transformed a previously contaminated infill site to create a master planned business park, with amenities and green space.

Today, Oxford and its portfolio companies now manage CAD\$87 billion of assets with over a third of Oxford's capital invested in logistics, warehousing and digital commerce strategies across North America, Europe and Asia-Pacific.

## The takeaway

The global nature, pace and ambition of our transactions demonstrate how Oxford is creative with its capital, accessing opportunities in the asset classes and geographies where we have the highest conviction. We purchase properties and portfolios; develop, invest in debt or equities and acquire businesses, all in service of our capital allocation priorities.

The combination of our committed capital, brand power, access and direct alignment of interests continues to earn the support of our co-investment partners. Globally, they are increasingly looking to Oxford to access the opportunities presented by our platform and portfolio of businesses.

As thematic investors, with a hard-earned reputation, we have been able to realize our target to have one third of our equity employed in the industrial and logistics sector.