

ESR receives HKSE’s approval on proposed spin-off and potential listing of logistics assets through a C-REIT on Shanghai Stock Exchange

HONG KONG, 6 March 2023 – ESR Group Limited (“ESR” or the “Group”; SEHK Stock Code: 1821), APAC’s largest real asset manager powered by the New Economy, has received confirmation from the Stock Exchange of Hong Kong Limited (“HKSE”) that the Group may proceed with its proposed transaction on the spin-off of the three high-specification logistics projects located in Kunshan, Jiangsu Province, the PRC, currently wholly owned by the Group via Jiangsu Friend Warehouse Co., Ltd. (the “Seed Portfolio”), and their potential listing through a publicly offered infrastructure securities investment fund (“C-REIT”) on the Shanghai Stock Exchange.

Following the recent confirmation from the HKSE, ESR will continue to progress on its approvals from the relevant regulatory authorities, including but not limited to the National Development and Reform Commission (the “NDRC”), the China Securities Regulatory Commission (the “CSRC”) and the Shanghai Stock Exchange, in relation to the proposed transaction. As at the date of this announcement, the terms and the timetable of the proposed transaction have not yet been finalised.

The Seed Portfolio consists of three logistics projects with best-in-class specifications and design, strategically located in prominent hubs of the country's last mile logistics networks and have a total area of over 427,000 sqm. Jiangsu Friend Phase I is a fully-leased, stabilised asset with a gross floor area (“GFA”) of over 135,000 sqm. Jiangsu Friend Phase II, has over 85,000 sqm of GFA and Jiangsu Friend Phase III has the largest area out of the three phases with a total GFA of over 206,000 sqm. The three assets have been stabilised since 2018.

Stuart Gibson and Jeffrey Shen, Co-founders and Co-CEOs of ESR Group stated: “We are pleased to obtain HKSE’s approval for ESR to proceed with this proposed C-REIT transaction. As the leading manager of REITs in APAC, we strongly believe in the continued financialization of real estate in APAC and especially in China. The proposed transaction is also a testament to ESR’s focus on accelerating our asset-light strategy. Through injecting our assets in private funds and REITs, we continue to grow our fund management fee revenue while also recycling capital into attractive opportunities across APAC to further build long-term sustainable growth. We are excited that our proposed transaction is in line with the Chinese government’s support of the securitization of infrastructure projects and we are confident that the proposed transaction will reinforce our market leadership and open a new and exciting growth engine for the Group in China.”

Based on UBS’s recent analysis, the C-REIT market could reach as much as US\$1.2 trillion in market capitalisation by 2030 if China could just securitise 2 per cent of its infrastructure assets (which are valued at US\$60 trillion)ⁱ.

Chang Rui Hua, Managing Director and Group Head of Capital Markets and Investor Relations, said: “The burgeoning C-REIT market in China is propelled by many of the secular trends that underpin ESR’s growth and it offers investors another option to enhance and diversify their portfolios. ESR has a strong track record of managing many successful REITs across various geographies and asset classes. Our proposed C-REIT will benefit from the accelerated growth of ecommerce and continued resilience of the supply chain which will drive the demand for modern logistics facilities. Furthermore, the Chinese local government’s focus on growing leading industries including ecommerce, digital economy, intelligent equipment manufacturing and life sciences, will all require high quality logistics and industrial space.”

ESR has a total AUM of US\$32 billion and approximately 13.9 million sqm of GFA in China as of 30 June 2022.

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.

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ⁱ <https://neo.ubs.com/shared/d27f7QosB5Ao/>