

CSRC and SSE receive APAC's largest real asset manager ESR Group's application of its public warehousing logistics REIT

New C-REIT focuses on "best-in-class" logistics facilities

Backed by APAC's largest real asset manager, ESR Group's leading New Economy platform has approximately US\$69 billion of New Economy AUM and APAC's largest New Economy development workbook of US\$13 billion

Flagship C-REIT for ESR Group that further reinforces its leadership as APAC's largest sponsor and manager of public REITs

Proposed ESR C-REIT will be an instrument with a distributable yield of over 4%

SHANGHAI/ HONG KONG, 8 December 2023 – ESR Group Limited ("ESR" or the "Company", together with its subsidiaries as the "Group"; SEHK Stock Code: 1821), today announced that its application for the registration and listing of ESR China REIT ("ESR C-REIT") <中航易商仓储物流基础设施 REIT > has been received by the China Securities Regulatory Commission <中国证券监督管理委员会> and the Shanghai Stock Exchange <上海证券交易所>.

The Manager of the ESR C-REIT is AVIC Fund, a publicly offered infrastructure securities fund. ESR Group is the Sponsor of ESR C-REIT and unitholders in the REIT will benefit from ESR Group's large portfolio of assets under management ("AUM") and development work-in-progress ("WIP") to provide a pipeline of potential acquisitions for ESR C-REIT. In China, ESR Group manages over 190 assets valued at US\$30.8 billion.

ESR Group is APAC's largest real asset manager with approximately US\$150 billion of AUM and APAC's largest sponsor and manager of REITs with a total AUM of approximately US\$45 billion. The Group has global presence in 28 countries. The Group's leading New Economy platform has approximately US\$69 billion of New Economy AUM including logistics and data centre portfolios, and APAC's largest New Economy development workbook of US\$13 billion.

The ESR C-REIT will focus on New Economy logistics, e-commerce and high-tech industrial manufacturing assets in Greater China, all of which are backed by strong secular growth trends. At inception, the REIT will comprise three logistics projects currently wholly-owned by the Group via Jiangsu Friend Warehouse Co., Ltd (the "Seed Portfolio"). These projects are all modern facilities with best-in-class specifications and design and strategically located in Kunshan, Jiangsu Province, China. Kunshan is around 45 minutes from Shanghai and a major hub for the country's last mile logistics networks. With a total area of over 426,000 sqm, Jiangsu Friend Phase I has 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 built since 2018 with over 95% occupancy rate for the past four years, anchored by multinational brands from logistics, e-commerce to fast-moving consumer goods. The ESR C-REIT is expected to raise approximately RMB 2.88 billion. Starting from 2024, the annualised cash distribution rates are estimated to be around 4.4% and 4.5%.

China is rapidly expanding its domestic real estate investment trust (C-REIT) regime with the opportunity to sell portfolios of assets on the public markets offering new recapitalisation options for institutional investors in a growing range of market sectors. According to a report from UBS, the C-REIT market could reach US\$3 trillion in market capitalisation by 2030 if China could securitise just 5 per cent of its infrastructure assets valued at US\$60 trillion.¹ The C-REIT market would have then eclipsed the US REIT market, which has a current market capitalisation of US\$1.4 trillion to become the world's largest REIT market.²

Stuart Gibson and Jeffrey Shen, ESR Group Co-founders and Co-CEOs stated: "Today, we are proud to mark another milestone for the company with the proposed ESR C-REIT. The C-REIT will further broaden the suite of public REITs that we manage and it opens up a new set of investors to the Group - domestic institutional and retail investors in China. As the leading manager of REITs in APAC, we strongly believe in the continued financialisation of real estate in APAC and especially in China. We are excited to be able to support, and be at the forefront of, the Chinese government's plans to enable the securitisation of infrastructure projects. The proposed transaction helps to reinforce our leading market position in New Economy real estate and opens a new and exciting growth engine for the Group in China."

"Accessing alternative forms of capital is important to ESR Group and REITs are seen as an important pillar for growth and capital diversification. The proposed C-REIT enables us to leverage the favourable legislative environment in China and potentially opens the door to new markets and opportunities for the Group across the region. Once established, the C-REIT enhances ESR Group's capital market options in China and opens up a new channel to raise local capital," said Chang Rui Hua, Managing Director Business Management and Investment ESR Hong Kong Limited who is also responsible for the C-REIT initiative.

¹ *UBS: China Infrastructure Looking beyond 4% FAI growth in 2022E*

² *National Association of REITS or Nareit*

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 approximately US\$150 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 approximately 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. For more information on ESR, please visit www.esr.com

About AVIC Fund

AVIC Fund Management Co., Ltd. (referred to as "AVIC Fund"), which is the manager of AVIC ESR Warehouse and Logistics Infrastructure REIT, is a national fund management company specializing in China Securities Regulatory Commission (CSRC) licensed activities, including fund raising, asset management, and public REITs issuance. Approved by the CSRC (license [2016]1249), AVIC Fund was legally registered on June 16, 2016. AVIC Fund is responsible for formulating and executing the overall strategy for this REIT issuance. Committed to building a distinctive brand in REITs, AVIC Fund currently manages 2 out of 29 C-REIT funds, namely AVIC Shougang Green Energy REIT (180801) and AVIC Jingneng Photovoltaic REIT (508096). Additionally, AVIC Fund actively expands into various sectors, including carbon peaking and carbon neutrality, consumer, public housing, culture and tourism, achieving multi-format development. As a national fund management company held by AVIC Industry-Finance Holdings, AVIC Fund has a registered capital of 300 million RMB. Headquartered in Beijing, its business scope includes fund raising, fund sales, and asset management, which is licensed by the CSRC. AVIC Fund's shareholders are AVIC Securities Co., Ltd. and Beijing Shougang Fund Co., Ltd.

About CMS

China Merchants Securities Co., Ltd. (referred to as "CMS") is the financial advisor of the ESR C-REIT. CMS is an investment bank under the China Merchants Group, a Chinese State-owned enterprise with more than 100 years of history. Listed in both mainland China and Hong Kong (600999.CH, 06099.HK), CMS has served as the financial advisor on the issuance of 3 C-REITS - Bosera Merchants Shekou Industrial Park REIT, CICC Anhui Traffic Control REIT and AVIC Beijing Energy PV REIT. CMS will continue to support the listing of the ESR C-REIT with its professional service.

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