

Approval for The Shelf Registration of Commercial REITS In China Obtained By EBA Investments

28 December, 2018 - **China Everbright Limited** (“Everbright”, stock code: 165.HK)’s real estate platform, EBA Investment’s “EBAM-EBA Investments Commercial Real Estate ABS 1-X” received no-comment letter from Shenzhen Stock Exchange on an issuing size of RMB 10Billion. The no-comment letter makes EBA Investments the first real estate fund to obtain the approval on shelf-registration of commercial REITS. The approval demonstrates support and confidence from both regulators and capital markets on financial innovations in high-quality commercial real estate assets, indicating that Chinese Real Estate funds have entered into the phase of shelf-registration REITS.

Solid foundation leads to accelerated breakthrough – the securitization practice of EBA Investments

As a leading private real estate fund manager, it is not a surprise at all to see EBA Investments unveil the phase of shelf-registration for securitization in Chinese commercial real estate markets. Back in 2009, it started strategic positioning in Chinese commercial real estate markets, which was highly appreciated by both China Everbright Limited and British asset manager Ashmore. Ever since its first Chongqing Guan Yin Qiao project, EBA Investments has successfully established a well-known brand “IMIX Park” in less than 10 years, featuring a business model of “acquire real estate assets and deliver management services”. Up to today, there are 12 “IMIX Park” located in the core business areas of first or second tier cities such as Beijing, Shanghai, Chongqing, Xi’an etc.. Among them, all self-owned properties are high quality assets selected and purchased by EBA Investments based on its criteria, presenting a rich pipeline of candidate properties for future securitization.



In August 2016, REITS of “Chongqing IMIX Park” was listed in Shenzhen Stock Exchange as the first “PERE+REITS” listing. Previously known as an unfinished building on the reorganization list of government in Chongqing, the property had been run by EBA Investments for a few years to become a flagship shopping mall of the commercial center at Chongqing Jiangbei District. Backed by outstanding performance of underlying assets, the REITS offering was well accepted by investors. Senior A tranche carried an interest rate at as low as 3.8%, a record low of the kinds in the market back then. As the asset manager of the REITS, EBA Investments continues creating value for investors: realized NOI has been topping the assumed level in prospectus since public listing, a story of “from success to success” acclaimed by capital markets.

With the past 10 years dedicated in the industry of commercial property operation, EBA Investments has launched a series of successful REITS offerings. This time, the approval of shelf registration is no exception. Strongly supported by leading institutions such as Shenzhen Stock Exchange and Ever Bright Asset Management, the approval of shelf registration of commercial REITS will provide a new alternative for Chinese real estate funds to push through a full cycle of “Fund Raising – Investment – Asset Management – Exit”. While everyone expects that a true public offering of REITS will come in the near future, shelf-registration of REITS has become one of the most exciting achievements made by real estate asset managers.

A Milestone Project– a gift to capital markets by Jing’an IMIX Park

The selection of Jing’an IMIX Park as underlying assets highlights the good faith of EBA Investments in kicking off shelf registration on commercial REITS in China. Location wise, the project is developed in Jing’an District, well known as the North Gate of Shanghai while Da’ning commercial area in Jing’an is emerging as a leader in the new economies in Shanghai. No.7 subway line and a number of bus routes such as No. 68 and No 185 crisscross at Da’ning, connecting it with other parts of Shanghai seamlessly. The project comprises five commercial buildings, including one shopping mall, four street commercial buildings, totaling 188.7 k square meters. The properties carry a full range of retail options, covering costumes, cosmetics, jewelries, electronic appliances, restaurants, cinemas, gyms and training centers, including many anchor stores such as Uniqlo, Zhong Shu Ge Bookstore, Will’s, Kidswant, City Mart, Wanda Cinema etc., as well as some increasingly popular restaurants and milk tea shops to offer diversified shopping experiences for local families, white collars and students. The shopping center has been performing well since its grand opening, customer headcount remains steadily high with the occupation rate reaching 98%, making it a well-established social & experience-oriented commercial center radiating to the northern Shanghai area.



Solid Foundation Inspires Bigger Thinking – the business model of EBA Investments real estate funds

As the exclusive real estate platform as well as the largest industrial investment funds management company under China Everbright Limited, EBA Investments is a well-recognized private investment fund and asset manager in real estate markets. Since its inception in 2007, EBA Investments has invested over RMB 100 Billion accumulatively in various real estate projects, exited over 100 projects with RMB 50 Billion in total over the past 10 years. In four years in a row from 2015 to 2018, EBA Investments topped the ranking of “Top 10 Real Estate Funds in Comprehensive Capability” published jointly by Enterprise Center at Development & Research Center of the State Council, Real Estate Research Center at Tsinghua University and Index Research Center, a demonstration of the respect shown by capital markets and peers.

Deeply rooted in China, EBA Investments also cast its eyes to overseas markets. It has built a US team, which represented a significant step towards its long term goal as a cross-boarder asset manager. Meanwhile, it formed a joint venture with Hua-Zhu Group, a strategic movement into lodging industry, leveraging on its capability in asset management. By September 30, 2018, AUM of EBA Investments approached RMB 50 Billion, covering various types such as shopping centers, office buildings, logistic centers and large city complexes, locating in over 30 cities and covering the full cycle from actively development, operation of matured projects and city renovations.

Thanks to a strong operation and management team as well as its capability of REITS issuing, EBA Investments has accomplished a closed loop of “Fund Raising – Investment – Asset Management – Exit”, and is playing a vanguard role in Chinese private commercial real estate market under the model of “PERE+ REITS”. The successful approval of RMB 10 Billion shelf registration of REITS will certainly propel this hundred billion flagship to sail on a faster track.