

CEL real estate asset management platform EBA Investments establishes its US-based asset management platform

Move signals company's intent to expand international presence

26 February 2018 – EBA Investments, the real estate asset management platform of **China Everbright Limited** (“CEL”, stock code: 165.HK), announced its establishment of Everbright US asset management platform. The new company represents a major step in EBA Investments’ strategic plan to create a global market presence.

The executives leading the new platform comprise the original team members of well-regarded American asset manager Arrow RE Holdings (“Arrow”), which will be renamed Everbright Arrow (“EBA-US”). EBA Investments prefers partnering with experienced local professionals rather than delegating its own senior staff to set up an overseas operation, as is a common practice of Chinese companies.

EBA Investments believes having an outstanding local American team will strengthen the company’s future development as a global cross-border real estate asset management firm (Global GP).

Headquartered in Dallas, Texas, Arrow is an American fund manager that specialises in retail property investment. The team manages Assets of approximately USD1.5 billion. Mainly serving institutional investors, Arrow and its affiliates have invested in more than 15 projects, with an IRR of over 25% for all exited projects. Landmark investment projects the team has been involved with include Burbank Town Center and The Paseo, both located in Los Angeles, and Lloyd Center in Portland, which represents Arrow’s strategy of targeting outdated facilities situated in prime areas and adding value through renovation and remerchandising. EBA Investments shares the view that there are immense transformation opportunities in the wake of the downturn in US retail.

The founders of Arrow, Mr Todd Minnis and Mr Mark Miller, have achieved these results over the course of a partnership spanning two decades. Minnis has been working in retail property investment since 2003. His invested projects have totaled USD3 billion and delivered strong returns.

Arrow is comprised of approximately 14 key members who have an average of 20 years industry experience, and has come from major American property investment firms like Morgan Stanley, Goldman Sachs, Deutsche Bank, GE, Archon Group and LoneStar. The company’s core team

has been working together for over 10 years.



Todd Minnis, founder of Arrow

Q&A with the EBA-US team

Q: What made EBA Investments decide to establish the EBA-US team?

A: Firstly, with the emergence of China, leading Chinese enterprises will make a global impact and become leading international enterprises. CEL strives to provide investment services including overseas and local asset management services to global investors as one of the world's first tier cross-border asset management platforms.

Secondly, in the long term, Chinese capital will be allocated to assets around the world. Thus, global asset managers are required. As the pioneer of Chinese real estate PE funds, EBA Investments will be able to leverage its own advantages in cross-border asset management to provide Chinese institutional and individual investors with excellent asset management services and outstanding returns.

Thirdly, our US team leverages a well-developed platform with independent fundraising and asset management capabilities. Its long-term LPs (limited partnerships) include various American

university funds, state pension funds, institutional investors and high-net-worth clients.

Finally, regarding the technical aspects of asset management, joining with an American team enables EBA Investments to bring about synergy between the Chinese and US markets. It also enables information sharing and mutual enhancement through exchange and collaboration between the domestic and overseas teams, who can learn about the operation modes and design trends of each other's markets as well as share global vision and international resources.

Q: Why did EBA Investments choose to establish its own American team by introducing a well-developed local American asset management platform rather than stationing its Chinese staff in the US?

A: We did not intend to make an investment with Chinese funding, but rather to build up an asset management platform. Our goal is to create a world-class asset management platform. Property markets are very localised by nature, so they need to be operated by local people.

From the experience of EBA Investments, it can be seen that our development in China benefits from the full respect and confidence we enjoy from foreign shareholders and LPs. Such a high degree of trust has its roots in intercultural understanding. During our communication with the US Arrow team, we found that we both share the same ideas about globalisation and an understanding of the fundamental logic of property value, not to mention a clear and straightforward communication style, highly efficient execution and rapidly developing entrepreneurship. Moreover, given the reputations enjoyed by both CEL and EBA Investments in the fields of investment and asset management, Arrow's current investors welcome the opportunity.

Also, the Arrow team is eager to seek guidance in its growth by leveraging the speed of China's evolving economic development. EBA Investments, with its leading position in the Chinese real estate asset management industry, stands out as an exceptional choice for cooperation.

Q: What will be the future direction in terms of strategic development for EBA-US?

A: In the US, EBA Investments will focus on revamping commercial projects that are situated in prime locations but encountering operational difficulties. Our main targets

will be large-city retail complexes. Upon acquisition, the properties will be renovated or redeveloped into apartments, office buildings and hotels, for example, or their operations will be optimised for value enhancement.

Additionally, NNN, or triple net, single-tenant properties (e.g. McDonald's and CVS) are currently undervalued in terms of risk-return. Given the scattered nature of these properties and the understanding of the tenant's credit and location value required of the asset manager, the threshold is high for investment implementation. Nevertheless, these projects provide stable and secure return. We plan to purchase asset pools and expand thereon to offer products with investment value for global investors.

In the meantime, we will continue to seek investment opportunities in urban renewal, such as office buildings and hotels.



EBA Investments Center in Shanghai

About EBA Investments

EBA Investments is the largest industrial investment fund manager and real estate investment platform of Everbright Jiabao Co., Ltd (600622. SH) and China Everbright Limited (“CEL”, 165.HK), a listed company in Hong Kong.

As a cross-border real estate asset management firm and a leading figure in China’s real estate PE industry, EBA Investments has achieved a decade of growth, developing several mature and diversified product lines including equity investment, debt financing, structured financing and investment, cross-border investment as well as real estate securitisation. EBA Investments also engages in M&A, real estate development, cross-border capital market investment, innovative financing as well as other forms of multi-channel investment.

Headquartered in Beijing, EBA Investments has branches in Shanghai and Shenzhen. Its professional team comprises more than 200 industry experts with extensive experience and strong reputations.

As at September 2017, EBA Investments has accumulatively managed over RMB89 billion worth of assets and managed the successful exit of more than 80 projects with assets worth over RMB 40 billion, the majority of which have enjoyed returns greater than market average.

About China Everbright Limited

China Everbright Limited (CEL, stock code: 165.HK) was established in Hong Kong in 1997. As a member of China Everbright Group, CEL is China’s leading cross-border investment and asset management company. CEL manages private equity funds, venture capital funds, sector focus funds, mezzanine funds, fund of funds, fixed income and equity funds. CEL utilises its strong capital strength and cultivates a number of high-growth-potential enterprises together with its investors. While closely following the development requirements of Chinese enterprises, it also seamlessly merges the best in overseas technologies with the Chinese market, providing diversified financial services for its Chinese clients involved in overseas investment.

As at the end of 2017, CEL managed 44 funds and completed fundraising scale of HKD 121.7 billion. Through both fund management and principal investment businesses, CEL has invested in companies both in China and globally, including China UMS, GDS, Goldwind, CECEP Wind-power Corporation, Nanjing Gaosu Chuandong, HC SemiTek, Beijing Genomics Institute, Betta

Pharmaceuticals, Beingmate, Focus Media, iQiYi, Miaopai, Albania Capital Airport, Wish and BEP. It has invested in a total of over 300 companies, covering fields including real estate, pharmaceuticals, new energy, infrastructure, advanced technology, high-level manufacturing, financial technology and cultural consumption. Of these, more than 150 companies have been listed in China or overseas, or were listed and have withdrawn due to mergers and acquisitions.

CEL is the second-largest shareholder of Everbright Securities (stock code: 601788.SH, 6178.HK) and a strategic shareholder of China Everbright Bank (stock code: 601818.SH, 6818.HK). It is also the largest shareholder of Everbright Jiabao Company Limited (stock code: 600622.SH). On the Hong Kong listing, it is the largest shareholder of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK). On the Singapore listing, it is the second-largest shareholder of Ying Li International Real Estate Limited (stock code: 5DM. SGX). CEL and its subsidiary companies currently have offices in Hong Kong, Beijing, Shanghai, Shenzhen, Tianjin, Singapore and Dublin.

CEL became one of the first Hong Kong stocks to be traded following the launches of the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programmes in April 2014 and December 2016.

CEL adheres to the motto “The Power to Transform”. With a firm footing in Hong Kong – a true bridge between east and west – the Group is well positioned to take advantage of the long-term opportunities presented by changes in the Chinese market, respond flexibly, and become a leader in Chinese cross-border investment and asset management.

For more information about CEL, please visit www.everbright.com.