



News Release

14 June 2021

SGX launches the world's first ESG REIT derivatives

- SGX Nikkei ESG-REIT Index Futures to meet rising demand for integrating ESG considerations into investment portfolios
- Launch deepens SGX's decades-long partnership with Nikkei Inc.

Singapore Exchange (SGX), the leading international market for real estate investment trusts (REIT), today launched the world's first ESG REIT derivatives, fast-tracking access to the growing Japanese REIT sector for global asset managers and investors.

The SGX Nikkei ESG-REIT Index Futures contract, another thrust of the SGX FIRST sustainability platform, aims to meet rising demand for integrating Environment, Social and Governance (ESG) considerations into investment portfolios. The launch deepens SGX's decades-long partnership with Nikkei Inc., Japan's flagship news organisation and index calculator – a collaboration that began with the historic introduction of the SGX Nikkei 225 Index Futures in 1986. The underlying Nikkei ESG-REIT Index uses tilt methodology to adjust the weights of constituents using ESG ratings as evaluated by the GRESB, the global ESG benchmark for real assets.

Michael Syn, Head of Equities at SGX, said, "We have always been a pioneer in the global REIT space, having established a vibrant ecosystem around this asset class since the first Singapore-REIT listing in 2002. Given strong investor demand for yield, deep liquidity and keen issuer participation, we are delighted to expand our partnership with Nikkei to offer investors another trusted tool for ESG investment and risk management."

The Nikkei ESG-REIT Index consists of 60 Tokyo-listed stocks, which comprise nearly 100% of the US\$160 billion market capitalisation of Japan's listed REIT securities market – the largest in Asia-Pacific. There are 19 listed Japanese REIT exchange traded funds (ETFs) with total assets under management of US\$16 billion, of which one-third has emerged in the past three years.

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted securities and derivatives market infrastructure, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. It also operates a multi-asset sustainability platform, SGX FIRST or Future in Reshaping Sustainability Together (sgx.com/first).

SGX is committed to facilitating economic growth in a sustainable manner leveraging its roles as a key player in the ecosystem, a business, regulator and listed company. With climate action as a key

Singapore Exchange Limited

Company Reg No. 199904940D

2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804

main: +65 6236 8888 fax: +65 6535 6994

sgx.com

priority, SGX aims to be a leading sustainable and transition financing and trading hub offering trusted, quality, end-to-end products and solutions.

As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore. SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

Media Contact

Yee Kai Pin

Marketing & Communications

+65 8799 1765

kaipin.yee@sgx.com

Singapore Exchange Limited

Company Reg No. 199904940D

2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804

main: +65 6236 8888 fax: +65 6535 6994

sgx.com