



## NEWS RELEASE

### EC WORLD REIT ANNOUNCES MAIDEN ACQUISITION OF E-COMMERCE LOGISTICS ASSET FOR S\$30 million

- *EC World REIT's ("ECW") first acquisition post IPO*
- *Acquisition of a quality e-commerce logistics asset from third party reinforcing ECW's differentiated proposition*
- *Highly reputable tenant base with leading e-commerce players*
- *Strategic location in a high growth city and exposure to favorable macroeconomic fundamentals of Wuhan*
- *DPU and yield accretive transaction*

**Singapore, 28 February 2018** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (the “**Manager**”) is pleased to announce that it has today, through a wholly-owned subsidiary, entered into a conditional equity transfer agreement with Hubei Anhai Steel-work Co., Ltd. to acquire 100% equity interest of Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. (the “**Acquisition**”), a limited liability company incorporated in the PRC at Changfu Industrial Park, Caidian District, Wuhan, Hubei (the “**Target Company**”). The Target Company is the sole legal and beneficial owner of an industrial property located at Yinyan Village, Nanwan Village, Daji Street, Caidian District (the “**Wuhan Property**”).

The Wuhan Property consists of:

- (i) a 68,219 square meters (“**sq m**”) plot of land; and
- (ii) three two-storey warehouses, one five-storey multi-purpose building and one six-storey building (Shift Work Building)

DBS Bank Ltd. was the sole financial adviser, global coordinator and issue manager for the initial public offering of EC World REIT. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd. were the joint bookrunners and underwriters for the initial public offering of EC World REIT.

The Wuhan Property commenced operations in May 2017 and has a total built-up gross floor area (“**GFA**”) of 49,861 sq m and a net lettable area (“**NLA**”) of 48,695 sq m. As at 31 December 2017, the weighted average lease expiry of the Wuhan Property is 2.4 years / 2.3 years based on NLA and gross rental respectively. It is currently used for warehousing purposes with ancillary purposes of dormitory. The Wuhan Property is leased to reputable logistics and e-commerce tenants in the PRC including Dangdang Information Technology (“**Dang Dang**”) and Jingdong Jinde (“**JD**”).

The purchase consideration for the Acquisition is RMB145 million (S\$30.3 million) representing a 15.2% discount to the valuation of RMB171 million as appraised by Beijing Colliers International Real Estate Valuation Co., Ltd (“**Colliers**”).

### Rationale for the Acquisition

Mr. Goh Toh Sim, Executive Director and Acting CEO of the Manager, said “with the continued rapid expansion of e-commerce sector in China, the demand for high quality warehousing facility and fulfillment centers is expected to stay strong for the foreseeable future. This acquisition reflects ECW’s focus on building a differentiated asset portfolio platform for our unitholders and potential investors.”

#### **1. Opportunity to acquire a warehouse asset with top tier e-commerce tenants**

The two anchor tenants are JD and Dang Dang. JD is the one of the largest e-commerce companies and retailers in China recording net revenue of RMB 260.1 billion and gross merchandise value of RMB 658.2 billion in 2016<sup>1</sup>. Since starting operation in November 1999, Dang Dang has grown from an online books sale marketplace to a leading integrated online shopping platform. Dang Dang is China’s largest maternal and baby products online platform and has a strong market position in books, cosmetics and apparel products<sup>2</sup>.

#### **2. Transaction enhances EC World REIT’s unique proposition as a specialised e-commerce logistics REIT**

At present, 30.7% of EC World REIT’s portfolio is in the e-commerce logistics sector while another 34.1% is in the specialised logistics sector (by NLA). Going forward, EC World REIT will continue to focus on acquiring assets that have specialised use (such as e-commerce warehousing and fulfilment centres) as well as other logistics assets providing

<sup>1</sup> JD's 2016 Annual Report

<sup>2</sup> Source: <http://static.dangdang.com/topic/2227/176801.shtml>

strategic connectivity in the supply chains.

The acquisition of Wuhan Property will increase the proportion of our e-commerce logistics assets from 30.7% to 35.2% by NLA. The total portfolio size will also increase by 7.0% to 747,173 sq m by NLA and by 2.6% from RMB 6,522 million to RMB 6,693 million by valuation.

### **3. Strategically located asset with exposure to favourable fundamentals of Wuhan**

The asset is strategically located in Wuhan, which is the capital of Hubei Province in central China. Wuhan is an industrial city with many diverse sectors such as automobiles, machinery manufacturing, iron and steel industry, electronics, food processing, energy, petrochemicals, biopharmaceuticals and textiles and garment. In the last three years, Wuhan's economy has been delivering high single-digit growth. According to the statistics released by Wuhan City Statistics Bureau, in 2017, in Wuhan, GDP grew 8.0% outstripping the national average of 6.9%<sup>1</sup>.

Wuhan is served by the Wuhan Tianhe International Airport, which provides direct service to many international destinations such as Japan, South Korea, Vietnam, Singapore, France and the United States and it is connected to an extensive domestic route network within the PRC.

The city has three main railway stations, being the Wuhan Railway Station, Wuchang railway station and Hankou Railway Station. The railway stations house the High Speed CRH service to major cities such as Beijing, Shanghai, Nanjing, Changsha and Ningbo. Most major cities in the PRC can also be reached by direct train service from the three main railway stations.

The Wuhan Property is located in the Changfu Industrial Zone which is connected to Shanghai-Chongqing and Beijing-Guangzhou Expressway. It is approximately 36km from Wuhan Tianhe International Airport and 30km from Wuhan city centre.

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<sup>1</sup> National Bureau Statistics of China: [http://www.stats.gov.cn/tjsj/zxfb/201801/t20180119\\_1575351.html](http://www.stats.gov.cn/tjsj/zxfb/201801/t20180119_1575351.html)



**EC World**  
运通网城 REIT

#### **4. Accretive Transaction**

Assuming the acquisition was completed on 1 January 2017 and based on ECW's FY2017 unaudited financial statements, the acquisition will increase EC World REIT's portfolio NPI from S\$82.7 million to S\$84.1 million, a 1.7% increase, on a historical pro forma basis. The distributable income will increase by 0.8% to S\$ 47.5 million with the distribution per unit ("DPU") reaching 6.076 Singapore cents, a 0.8% increase vis-à-vis FY2017 DPU, on a historical pro forma basis.

Furthermore, most of the current leases have built-in rental escalations ranging from 4.5% to 5.0% per annum which will provide potential for positive rental reversion in the future.

#### **Funding for the Acquisition**

The Acquisition Cost is expected to be financed via the security deposits which have been received by EC World REIT in the form of cash under the master leases entered into in relation to Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse (as described in the prospectus of EC World REIT dated 20 July 2016). The final decision regarding the method of financing to be employed will be made at the appropriate time taking into account relevant market conditions.

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## ABOUT EC WORLD REIT

Listed on 28 July 2016, EC World REIT is the first Chinese specialised logistics and e-commerce logistics REIT listed on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). With its initial portfolio of six quality properties located in one of the largest e-commerce clusters in the Yangtze River Delta, EC World REIT offers investors unique exposure to the logistics and e-commerce sectors in Hangzhou, the People’s Republic of China (“**PRC**”).

EC World REIT’s investment strategy is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the PRC. For more information, please visit: <http://www.ecwreit.com/>

EC World REIT is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co., Ltd. Established in 1992 and headquartered in Shanghai, the Sponsor is a diversified enterprise group specialising in the real estate sector, industrial sector, e-commerce, logistics and finance. For more information, please visit [www.forchn.com.cn](http://www.forchn.com.cn)

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An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of EC World REIT. The forecast financial performance of EC World REIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.