

## NEWS RELEASE

# EC WORLD REIT renews second major lease in relation to Hengde Logistics

**Singapore, 7 May 2021** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) wishes to announce the renewal of a second major lease (“**Phase 2 Renewal**”) amounting to 74,057 square metres (“**sqm**”) in relation to Hengde Logistics, with China Tobacco Zhejiang Industrial Co., Ltd (“**China Tobacco**”).

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “In October 2020, we announced the successful renewal of 159,752 sqm of space in relation to Hengde Logistics Phase 1 with China Tobacco (“**Phase 1 Renewal**”)<sup>(1)</sup> despite the delay caused by the COVID-19 situation in China. We are heartened by the continued support from China Tobacco in relation to this renewal of lease at Hengde Logistics Phase 2. This is a testament to the quality of ECW’s asset and the positive working relationship with our tenants. We will continue to work closely with the property manager in China to ensure portfolio quality and predictable returns to the portfolio.”

The Phase 2 Renewal was negotiated and contracted taking into account the terms of Phase 1 Renewal. China Tobacco committed to a lease term of 2.65 years for the Phase 2 Renewal to coincide with the expiry of the Phase 1 Renewal. Both leases with China Tobacco will expire on 31 December 2023.

The renewal rental rate for the Phase 2 Renewal is on par with the renewal rental rate contracted for the Phase 1 Renewal. Although the renewal rental rate contracted for the Phase

2 Renewal is 8.8% lower than the existing rental rate, the effective blended rental rate of Phase 1 Renewal and Phase 2 Renewal is 2.2% lower than the effective blended rental rate of the expiring China Tobacco leases at Hengde Logistics Phase 1 and Phase 2. According to CBRE's MarketView 4Q2020 report, the rental rates for the logistics sector in Hangzhou showed a year-on-year decline of 1.9%.

Similar to the Phase 1 Renewal, China Tobacco informed that they will no longer require the warehouse management services for the Phase 2 Renewal due to their internal restructuring. The Phase 2 Renewal is expected to reduce ECW's revenue by 0.8%<sup>(2)</sup>.

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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 portfolio of eight quality properties located predominantly 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 and Wuhan, 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.

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<sup>1</sup> For more information, please refer to announcement dated 14 October 2020 at [https://ecwreit.listedcompany.com/newsroom/20201014\\_175809\\_BWCU\\_UHJQO1TCE6MK2RH1\\_1.pdf](https://ecwreit.listedcompany.com/newsroom/20201014_175809_BWCU_UHJQO1TCE6MK2RH1_1.pdf)

<sup>2</sup> Annualised based on December 2020 monthly gross revenue



EC World REIT is listed in several indices. These include the FTSE ASEAN All-Share Index, FTSE ST All-Share Index and FTSE ST China Index. 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 conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors.

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**IMPORTANT NOTICE**

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of EC World REIT), or any of their respective affiliates.

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.